

NASHVILLE BALLET  
CONSOLIDATED FINANCIAL STATEMENTS,  
CONSOLIDATING INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
MAY 31, 2022 AND 2021

NASHVILLE BALLET  
CONSOLIDATED FINANCIAL STATEMENTS,  
CONSOLIDATING INFORMATION  
AND  
INDEPENDENT AUDITOR’S REPORT

MAY 31, 2022 AND 2021

CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| <u>LIST OF PRINCIPAL OFFICIALS</u> .....                   | i - ii      |
| <u>INDEPENDENT AUDITOR’S REPORT</u> .....                  | 1 - 3       |
| <br><u>CONSOLIDATED FINANCIAL STATEMENTS</u>               |             |
| Consolidated Statements of Financial Position .....        | 4           |
| Consolidated Statement of Activities (2022) .....          | 5           |
| Consolidated Statement of Activities (2021) .....          | 6           |
| Consolidated Statement of Functional Expenses (2022).....  | 7           |
| Consolidated Statement of Functional Expenses (2021).....  | 8           |
| Consolidated Statements of Cash Flows .....                | 9           |
| Notes to Consolidated Financial Statements .....           | 10 - 30     |
| <br><u>CONSOLIDATING INFORMATION</u>                       |             |
| Consolidating Statement of Financial Position (2022) ..... | 31          |
| Consolidating Statement of Financial Position (2021) ..... | 32          |
| Consolidating Statement of Activities (2022).....          | 33          |
| Consolidating Statement of Activities (2021).....          | 34          |

NASHVILLE BALLET

LIST OF PRINCIPAL OFFICIALS

MAY 31, 2022

NASHVILLE BALLET BOARD OF DIRECTORS

President: Mrs. Laura Currie  
President Elect: Mrs. Susan Short-Jones  
Immediate Past President: Mrs. Jennifer Puryear  
Treasurer: Mrs. Suzan Gibbs Ilic  
Secretary: Mr. Roger Moore  
Mrs. Nancy Abbott  
Ms. Meera Ballal  
Mr. Bart Bowling  
Ms. LaDonna Boyd  
Ms. Elizabeth Burch  
Mr. John Carter Cash  
Mrs. Monica Cintado-Scokin  
Mr. Eric Cook  
Mrs. Allison Cotton  
Mrs. Laurie Gold Eskind  
Mr. Brian T. Fitzpatrick  
Mrs. Catherine Gemmato-Smith  
Mrs. Frederick S. Grace  
Mr. Amos E. Gott  
Mr. Lance Gruner  
Dr. Celeste Hemingway  
Dr. Anna Hemnes  
Mrs. Emily Humphreys  
Mrs. Caylan Jarman  
Ms. Charlyn Jarrells  
Ms. Michelle McKenny Jones  
Mrs. Mary Morgan Ketchel  
Mr. Neil B. Krugman  
Mr. Sylvain Lapointe  
Mr. Andrew Lin  
Mrs. Dionne Lucas  
Mrs. Melissa Mahanes  
Ms. Chambre Malone  
Ms. Apphia Maxima  
Mrs. Adrienne McRae  
Mr. James F. Munro  
Mr. Dan Murphy  
Mrs. Anissa Nelson-Carlisle  
Mrs. Jessica Osaki

NASHVILLE BALLET

LIST OF PRINCIPAL OFFICIALS

MAY 31, 2022

NASHVILLE BALLET BOARD OF DIRECTORS (continued)

Dr. Megan Parker Peters  
Mr. Brant Phillips  
Ms. Rebecca Pitt  
Ms. Ashley E. Propst  
Mr. Shannon Sanders  
Dr. Kara Smith  
Mr. Joe Sowell  
Mrs. Joanne Sowell  
Mr. Bill Stefek  
Mrs. Heather Thorne  
Mrs. Brooke Trusley  
Mrs. Maggie Warriier  
Mrs. Ann Parker Weeden

NASHVILLE BALLET FOUNDATION BOARD OF DIRECTORS

Mr. Brian Fitzpatrick  
Mr. Curt Thorne  
Mr. Don Moody  
Mr. Richard Jacques  
Mr. Dan Murphy  
Ms. Catherine Smith  
Mr. Stephen Peluso  
Mrs. Ann Parker Weeden  
Ms. Patricia Eastwood



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Nashville Ballet  
Nashville, Tennessee

### REPORT ON THE AUDITS OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### OPINION

We have audited the accompanying consolidated financial statements of Nashville Ballet (the "Ballet") which comprise the consolidated statements of financial position as of May 31, 2022 and 2021, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nashville Ballet as of May 31, 2022 and 2021, and the changes 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") 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 Consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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, internal 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

## OTHER INFORMATION

Management is responsible for the other information included in the report. The other information comprises the list of principal officials on page i-ii but does not include the basic consolidated financial statements and our auditor's report thereon. Our opinion on the basic consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### REPORT ON CONSOLIDATING INFORMATION

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 31-34 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

#### OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of Nashville Ballet's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ballet's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ballet's internal control over financial reporting and compliance.



Nashville, Tennessee  
October 31, 2022

NASHVILLE BALLET

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MAY 31, 2022 AND 2021

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| <u>ASSETS</u>  |                      |                      |
| Cash and cash equivalents  | \$ 3,846,700         | \$ 3,313,686         |
| Accounts receivable, net of allowance of \$6,766 and \$6,766 respectively                            | 231,600              | 62,301               |
| Grants receivable  | 551,701              | 105,460              |
| Contributions receivable, net  | 317,091              | 478,977              |
| Prepaid expenses and other   | 571,693              | 264,642              |
| Investments  | 1,619,619            | 1,699,897            |
| Property and equipment, net  | 6,620,662            | 6,838,606            |
| Beneficial interest in agency endowment fund held by the<br>Community Foundation of Middle Tennessee | <u>65,044</u>        | <u>72,754</u>        |
| TOTAL ASSETS   | <u>\$ 13,824,110</u> | <u>\$ 12,836,323</u> |
| <u>LIABILITIES AND NET ASSETS</u>  |                      |                      |
| <u>LIABILITIES</u>   |                      |                      |
| Accounts payable   | \$ 286,778           | \$ 248,115           |
| Payroll liabilities  | 120,022              | 103,446              |
| Deferred revenue   | 1,018,804            | 605,240              |
| Notes payable  | <u>2,354,108</u>     | <u>3,058,738</u>     |
| TOTAL LIABILITIES  | <u>3,779,712</u>     | <u>4,015,539</u>     |
| <u>NET ASSETS</u>  |                      |                      |
| Without donor restrictions:  |                      |                      |
| Board designated   | 3,154,268            | 1,658,967            |
| Invested in property and equipment, less related debt  | 4,412,708            | 4,545,655            |
| Undesignated   | <u>71,323</u>        | <u>42,262</u>        |
| Total without donor restrictions   | 7,638,299            | 6,246,884            |
| With donor restrictions  | <u>2,406,099</u>     | <u>2,573,900</u>     |
| TOTAL NET ASSETS   | <u>10,044,398</u>    | <u>8,820,784</u>     |
| TOTAL LIABILITIES AND NET ASSETS   | <u>\$ 13,824,110</u> | <u>\$ 12,836,323</u> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2022

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
|---|---------------------------------------|------------------------------------|----------------------|
| <b>SUPPORT AND REVENUE</b>                                      |                                       |                                    |                      |
| Season ticket sales   | \$ 57,209                             | \$ -                               | \$ 57,209            |
| Single and group ticket sales                                   | 1,197,107                             | -                                  | 1,197,107            |
| Rentals and touring   | 219,530                               | -                                  | 219,530              |
| Community engagement  | 11,299                                | -                                  | 11,299               |
| School tuition  | 1,029,913                             | -                                  | 1,029,913            |
| Public Support:   |                                       |                                    |                      |
| Grants  | 3,061,064                             | -                                  | 3,061,064            |
| Individual contributions  | 962,496                               | 186,229                            | 1,148,725            |
| Corporate and foundation contributions                          | 288,868                               | 514,649                            | 803,517              |
| Contributions from the Community Foundation of Middle Tennessee | 226,312                               | -                                  | 226,312              |
| Ballet Ball revenue   | 697,896                               | -                                  | 697,896              |
| Friends support and benefits                                    | 4,127                                 | -                                  | 4,127                |
| Donated goods and services                                      | 115,725                               | -                                  | 115,725              |
| Investment loss, net  | (14,437)                              | (126,404)                          | (140,841)            |
| Miscellaneous   | 251,516                               | -                                  | 251,516              |
| Net assets released from restrictions                           | <u>742,275</u>                        | <u>(742,275)</u>                   | <u>-</u>             |
| <b>TOTAL SUPPORT AND REVENUE</b>                                | <u>8,850,900</u>                      | <u>(167,801)</u>                   | <u>8,683,099</u>     |
| <b>EXPENSES</b>   |                                       |                                    |                      |
| Program services  | 6,034,595                             | -                                  | 6,034,595            |
| Supporting services:  |                                       |                                    |                      |
| Management and general  | 623,280                               | -                                  | 623,280              |
| Fundraising   | <u>801,610</u>                        | <u>-</u>                           | <u>801,610</u>       |
| <b>TOTAL EXPENSES</b>   | <u>7,459,485</u>                      | <u>-</u>                           | <u>7,459,485</u>     |
| <b>CHANGE IN NET ASSETS</b>                                     | 1,391,415                             | (167,801)                          | 1,223,614            |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                           | <u>6,246,884</u>                      | <u>2,573,900</u>                   | <u>8,820,784</u>     |
| <b>NET ASSETS - END OF YEAR</b>                                 | <u>\$ 7,638,299</u>                   | <u>\$ 2,406,099</u>                | <u>\$ 10,044,398</u> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2021

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>                                      |                                       |                                    |                     |
| Season ticket sales   | \$ 3,930                              | \$ -                               | \$ 3,930            |
| Single and group ticket sales                                   | 98,405                                | -                                  | 98,405              |
| Rentals and touring   | 5,250                                 | -                                  | 5,250               |
| Community engagement  | 10,635                                | -                                  | 10,635              |
| School tuition  | 659,031                               | -                                  | 659,031             |
| Public Support:   |                                       |                                    |                     |
| Grants  | 1,628,804                             | -                                  | 1,628,804           |
| Individual contributions  | 1,339,194                             | 42,583                             | 1,381,777           |
| Corporate and foundation contributions                          | 215,556                               | 573,069                            | 788,625             |
| Contributions from the Community Foundation of Middle Tennessee | 201,000                               | -                                  | 201,000             |
| Ballet Ball revenue   | 253,903                               | -                                  | 253,903             |
| Friends support and benefits                                    | 2,533                                 | -                                  | 2,533               |
| Donated goods and services                                      | 120,062                               | -                                  | 120,062             |
| Investment income, net  | 53,310                                | 313,566                            | 366,876             |
| Miscellaneous   | 17,403                                | -                                  | 17,403              |
| Net assets released from restrictions                           | <u>770,822</u>                        | <u>(770,822)</u>                   | <u>-</u>            |
| <b>TOTAL SUPPORT AND REVENUE</b>                                | <u>5,379,838</u>                      | <u>158,396</u>                     | <u>5,538,234</u>    |
| <b>EXPENSES</b>   |                                       |                                    |                     |
| Program services  | 4,058,575                             | -                                  | 4,058,575           |
| Supporting services:  |                                       |                                    |                     |
| Management and general  | 525,471                               | -                                  | 525,471             |
| Fundraising   | <u>387,231</u>                        | <u>-</u>                           | <u>387,231</u>      |
| <b>TOTAL EXPENSES</b>   | <u>4,971,277</u>                      | <u>-</u>                           | <u>4,971,277</u>    |
| <b>CHANGE IN NET ASSETS</b>                                     | 408,561                               | 158,396                            | 566,957             |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                           | <u>5,838,323</u>                      | <u>2,415,504</u>                   | <u>8,253,827</u>    |
| <b>NET ASSETS - END OF YEAR</b>                                 | <u>\$ 6,246,884</u>                   | <u>\$ 2,573,900</u>                | <u>\$ 8,820,784</u> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2022

|   | Supporting Services        |                              |                          |                                 | Total                      |
|---|----------------------------|------------------------------|--------------------------|---------------------------------|----------------------------|
|   | Program<br>Services        | Management<br>and<br>General | Fundraising              | Total<br>Supporting<br>Services |                            |
| Personnel                                   | \$ 3,118,148               | \$ 342,035                   | \$ 401,050               | \$ 743,085                      | \$ 3,861,233               |
| Artist fees, licenses and royalties         | 409,931                    | -                            | -                        | -                               | 409,931                    |
| Theatre and production                      | 751,472                    | 842                          | 10,813                   | 11,655                          | 763,127                    |
| Professional and contract services          | 303,365                    | 47,531                       | 35,622                   | 83,153                          | 386,518                    |
| Advertising                                 | 284,636                    | 7,355                        | 16,664                   | 24,019                          | 308,655                    |
| Communication                               | 9,424                      | 1,032                        | 1,317                    | 2,350                           | 11,774                     |
| Occupancy and housing                       | 204,561                    | 22,407                       | 28,594                   | 51,001                          | 255,562                    |
| Interest                                    | 60,595                     | 6,637                        | 8,470                    | 15,107                          | 75,702                     |
| Equipment and supplies                      | 23,784                     | 138,950                      | 25,168                   | 164,118                         | 187,902                    |
| Events                                      | 6,677                      | 310                          | 212,934                  | 213,244                         | 219,921                    |
| Travel                                      | 232,764                    | 1,057                        | 1,913                    | 2,970                           | 235,734                    |
| Insurance                                   | 44,980                     | 4,927                        | 6,287                    | 11,214                          | 56,194                     |
| Staff development and community involvement | 2,688                      | 24,934                       | 5,591                    | 30,525                          | 33,213                     |
| Depreciation and amortization               | 381,415                    | 15,735                       | 37,764                   | 53,499                          | 434,914                    |
| Miscellaneous                               | 47,295                     | 2,783                        | 100                      | 2,883                           | 50,178                     |
| Bank and ticket fees                        | 142,319                    | 6,746                        | 9,322                    | 16,068                          | 158,387                    |
| Student meal expense                        | 10,540                     | -                            | -                        | -                               | 10,540                     |
| <b>TOTAL EXPENSES</b>                       | <b><u>\$ 6,034,595</u></b> | <b><u>\$ 623,280</u></b>     | <b><u>\$ 801,610</u></b> | <b><u>\$ 1,424,890</u></b>      | <b><u>\$ 7,459,485</u></b> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2021

|   | Program<br>Services | Supporting Services          |                   |                                 | Total               |
|---|---------------------|------------------------------|-------------------|---------------------------------|---------------------|
|   |                     | Management<br>and<br>General | Fundraising       | Total<br>Supporting<br>Services |                     |
| Personnel                                   | \$ 2,532,589        | \$ 320,738                   | \$ 279,318        | \$ 600,056                      | \$ 3,132,645        |
| Artist fees, licenses and royalties         | 95,665              | -                            | -                 | -                               | 95,665              |
| Theatre and production                      | 426,646             | 764                          | -                 | 764                             | 427,410             |
| Professional and contract services          | 85,381              | 6,947                        | 13,768            | 20,715                          | 106,096             |
| Advertising                                 | 131,366             | 29,392                       | 6,107             | 35,499                          | 166,865             |
| Communication                               | 8,851               | 1,364                        | 970               | 2,334                           | 11,185              |
| Occupancy and housing                       | 181,801             | 27,887                       | 19,828            | 47,715                          | 229,516             |
| Interest                                    | 64,370              | 9,921                        | 7,054             | 16,975                          | 81,345              |
| Equipment and supplies                      | 17,535              | 52,503                       | 2,359             | 54,862                          | 72,397              |
| Events                                      | 609                 | -                            | 7,438             | 7,438                           | 8,047               |
| Travel                                      | 19,194              | 390                          | -                 | 390                             | 19,584              |
| Insurance                                   | 44,000              | 6,782                        | 4,822             | 11,604                          | 55,604              |
| Staff development and community involvement | 1,067               | 11,900                       | 899               | 12,799                          | 13,866              |
| Depreciation                                | 416,126             | 14,986                       | 35,967            | 50,953                          | 467,079             |
| Miscellaneous                               | 11,189              | 14,420                       | -                 | 14,420                          | 25,609              |
| Bank and ticket fees                        | 22,186              | 6,291                        | 8,701             | 14,992                          | 37,178              |
| Loss on extinguishment of debt              | -                   | 21,186                       | -                 | 21,186                          | 21,186              |
| <b>TOTAL EXPENSES</b>                       | <u>\$ 4,058,575</u> | <u>\$ 525,471</u>            | <u>\$ 387,231</u> | <u>\$ 912,702</u>               | <u>\$ 4,971,277</u> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2022 AND 2021

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>   |                     |                     |
| Change in net assets  | \$ 1,223,614        | \$ 566,957          |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |                     |
| Depreciation  | 434,914             | 467,079             |
| Realized and unrealized gain on investments   | 170,706             | (337,046)           |
| Paycheck Protection Program loan forgiven   | (615,787)           | (606,550)           |
| Donated securities received   | -                   | (394,297)           |
| Change in value of beneficial interest in agency endowment fund                                       | 7,710               | (11,015)            |
| Contributions - endowment   | (45,409)            | (24,013)            |
| (Increase) decrease in:   |                     |                     |
| Grants receivable   | (446,241)           | (72,012)            |
| Contributions receivable  | 151,680             | 251,293             |
| Accounts receivable   | (169,299)           | 56,072              |
| Prepaid expenses and other  | (307,051)           | 75,092              |
| Increase (decrease) in:   |                     |                     |
| Accounts payable  | 38,663              | (163,065)           |
| Payroll liabilities   | 16,576              | (8,456)             |
| Deferred revenue  | 413,564             | (61,323)            |
| <b>TOTAL ADJUSTMENTS</b>  | <u>(349,974)</u>    | <u>(828,241)</u>    |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>  | <u>873,640</u>      | <u>(261,284)</u>    |
| <b>INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of property and equipment  | (216,970)           | (82,646)            |
| Proceeds from sale of investments   | 299,043             | 842,646             |
| Purchases of investments  | (389,471)           | (515,163)           |
| <b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>  | <u>(307,398)</u>    | <u>244,837</u>      |
| <b>FINANCING ACTIVITIES</b>   |                     |                     |
| Proceeds from notes payable   | -                   | 921,894             |
| Principal payments on notes payable   | (88,843)            | (85,113)            |
| Proceeds from contributions restricted for endowment  | 55,615              | 104,237             |
| <b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>  | <u>(33,228)</u>     | <u>941,018</u>      |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>  | 533,014             | 924,571             |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | <u>3,313,686</u>    | <u>2,389,115</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u>\$ 3,846,700</u> | <u>\$ 3,313,686</u> |
| <b>OTHER CASH FLOW DISCLOSURES:</b>   |                     |                     |
| Interest expense paid during the year   | <u>\$ 75,702</u>    | <u>\$ 81,345</u>    |
| <b>NON-CASH FINANCING ACTIVITIES</b>  |                     |                     |
| Refinancing of mortgage loan  | <u>\$ -</u>         | <u>\$ 2,143,892</u> |

See accompanying notes to consolidated financial statements.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

NOTE 1 - NATURE OF ACTIVITIES

Nashville Ballet was incorporated in 1986 as a Tennessee not-for-profit corporation. The Ballet's mission is to create, perform, teach and promote dance as an essential and inspiring element of our community. The Ballet presents classical and contemporary works by new and renowned choreographers and is a resident group of the Tennessee Performing Arts Center. The Ballet regularly collaborates with other arts organizations to promote community cultural enrichment. During its 2021-2022 Season, Nashville Ballet reached more than 130,000 Middle Tennesseans through virtual and in-theatre performances. The School of Nashville Ballet trains dancers ages two and older, and during the year ended May 31, 2022, had approximately 1,288 students enrolled. The Ballet's second company engages more than 25,000 Middle Tennesseans every year through education and community engagement programming.

Nashville Ballet Foundation (the "Foundation") was established in 2012 for the purpose of supporting the activities and mission of Nashville Ballet. There was no activity in the Foundation until the year ended May 31, 2019 when Nashville Ballet transferred certain donor-restricted and Board-designated net assets and corresponding investments to the Foundation upon receiving donor and Board approval.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Nashville Ballet and the Nashville Ballet Foundation (collectively referred to as the "Ballet"). All material intercompany transactions have been eliminated.

Basis of Presentation

The consolidated financial statements of the Ballet have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Ballet to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Ballet's management and the Board of Directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ballet or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Support and Revenue

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Grants awarded by state and other sponsors are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses occur. Payments received in advance of conditions being met are recorded as deferred revenue on the statements of financial position.

The Ballet reports gifts of equipment or materials (in-kind contributions) at their fair value in the period received as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long - lived assets are placed in service.

Ballet Ball revenue is comprised of contributions and tickets sold to the special event. Revenues are recognized when the event occurs.

Ticket sale revenues received prior to the fiscal year to which they apply are reported as deferred revenue. Such revenue is recognized and reported in the consolidated statements of activities in the year the production is performed.

Ballet school tuition received prior to the fiscal year in which the classes are held is reported as deferred revenue. Such revenue is recognized and reported in the consolidated statements of activities in the year in which the classes are held.

All Ballet revenue that falls within the scope of Accounting Standards Codification ("ASC") 606 is recognized at a point in time.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Endowment Fund

The Ballet's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee ("Community Foundation") is recognized as an asset. Investment income and changes in the value of the fund are recognized in the consolidated statements of activities, and distributions received from the fund are recorded as increases (decreases) in the beneficial interest.

Donated Services

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Ballet if not donated. Such services are recognized at fair value as support and expense in the period the services are performed and related primarily to professional services for the years ended May 31, 2022 and 2021.

Other individuals volunteer their time and perform a variety of tasks that assist the Ballet with program services and fundraising events. No amounts have been reflected in the consolidated financial statements for these donated services since the volunteer's time does not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

The Ballet considers cash and cash equivalents to be all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash and cash equivalents held in the investment accounts are reported with investments.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received (2.81% in 2022, 0.79% in 2021). Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Donated assets are capitalized at fair market value in the period received. The Ballet capitalizes all property and equipment over \$2,500. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

|                         |               |
|-------------------------|---------------|
| Building                | 40 years      |
| Building improvements   | 5 to 39 years |
| Furniture and equipment | 5 to 7 years  |
| Sets and props          | 7 to 12 years |
| Costumes                | 4 to 12 years |
| Vehicles                | 5 years       |

Fair Value Measurements

The Ballet classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs).

An 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 value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

*Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee* - The agency endowment fund held at the Community Foundation represents the Ballet's interest in pooled investments with other participants in the funds. The Community Foundation prepares a valuation of the fund based on the fair value of the underlying investments using quoted market prices and allocates income or loss to each participant based on market results. The Ballet reflects this asset within Level 2 of the valuation hierarchy.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

*Investments:*

*Corporate bonds* - Securities valued on the basis of information provided by pricing services that employ valuation matrices that may incorporate both broker/dealer-supplied valuations as well as valuation models reflecting factors such as benchmark yields, reported trades, broker/dealer quotes, bid/offer data and other relevant elements, and are classified within Level 2 of the valuation hierarchy.

*Equities* - Securities for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which such securities are normally traded and are classified within Level 1 of the valuation hierarchy.

*Mutual funds* - Investments in these funds are valued using the net asset value per unit as quoted in active markets at the valuation date and are classified within Level 1 of the valuation hierarchy.

There have been no changes in the valuation methodologies used at May 31, 2022 and 2021.

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

Endowment Funds

The Ballet has both donor-restricted endowment funds and funds designated by the Nashville Ballet Foundation Board (“Foundation Board”) to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Foundation Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Ballet’s donor-restricted endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and the State of Tennessee’s State Uniform Prudent Management of Institutional Funds Act (“SUPMIFA”).

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds (Continued)

The Foundation Board has interpreted SUPMIFA 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 Ballet classified as net assets with donor restrictions (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 investment funds designated as an endowment that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions as part of the Board-designated endowment fund, which is consistent with the standard of prudence prescribed by UPMIFA.

The Ballet has adopted an investment policy to establish asset allocation targets, diversification, rebalancing and other investment guidelines. The goal of the investment program is to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Ballet.

Assets are managed as a balanced portfolio composed of two major components: equity and fixed income. The role of equity investments is to maximize the long-term growth of portfolio assets, while fixed income investment's role is to generate current income, provide for more stable periodic returns and provide some protection against a prolonged decline in the market value of equity investments. The asset allocation target is 60% to 80% equities, 0% to 10% public alternatives, 10% to 30% fixed income, and 0% to 10% cash.

Diversification across and within asset classes is the primary means by which the Foundation's Board expects the portfolio to avoid undue risk of large losses over long time periods. To protect the portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Foundation's Board will take reasonable precautions to avoid excessive investment concentrations.

It is expected that the portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset classes. The policy sets forth procedures under which the portfolio will be rebalanced to its target normal asset allocation.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds (Continued)

The Ballet has a policy that will fund distributions from net investment income, net realized gains, and proceeds from the sale of investments. The distribution of Ballet assets will be permitted to the extent that such distributions do not exceed a level that would erode the Ballet's real assets over time. To reduce the variability of annual Ballet distributions, the Foundation's Board will factor in past spending and portfolio asset values into its current spending decisions. The Foundation's Board will review its spending assumptions annually to decide whether any changes necessitate amending the spending policy, its target asset allocation, or both. The annual distribution authorized by the Foundation's Board from portfolio assets to the Ballet shall not exceed 4.5% of the average of the quarter ending balance of the portfolio of the last business day over the previous twelve calendar quarters.

Investments

Investments consist of money market accounts, certificates of deposit, treasury bonds, corporate bonds, mutual funds and equities. Money market accounts and certificates of deposit are carried at cash value plus accrued interest. All other investments are carried at fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in the consolidated statements of activities.

Advertising

The Ballet's advertising costs are primarily expensed as incurred. Significant expenses incurred in preparation for the subsequent performance season are recorded as prepaid expenses and recognized in the year in which the corresponding revenue is recognized. Advertising expense for the year ended May 31, 2022, totaled approximately \$309,000 (\$167,000 in 2021).

Income Taxes

The Nashville Ballet and Nashville Ballet Foundation both qualify as not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Ballet's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying consolidated financial statements.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Nashville Ballet and Nashville Ballet Foundation each file a U.S. Federal Form 990 for organizations exempt from income tax. The Nashville Ballet also files a U.S. Federal Form 990-T for organizations exempt from income tax with unrelated business income, as well as an income tax return in the State of Tennessee.

Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated financial statements:

Program Services

The Ballet maintains high standards for programming and education activities that benefit the entire community. In addition to offering a diverse season of culturally engaging performances by world class dancers, the Ballet also provides distinct programs that provide dance classes to children and adults at Ballet facilities. The Ballet also uses community engagement and education to spread the mission of the organization.

Supporting Services

Management and General - relates to the overall direction of the Ballet. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to the Ballet. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program and supporting services benefited. Such allocations are determined by management on a reasonable basis. The expenses that are allocated include personnel, professional and contract services, communication, occupancy and housing, insurance, depreciation and interest, which are allocated on the basis of estimates of time and effort.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. As a result of ASU 2020-05, the standard will now be effective for fiscal years beginning after December 15, 2021. The Ballet is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Ballet beginning on June 1, 2022. The Ballet is currently evaluating the impact of the pending adoption of new standard on the consolidated financial statements.

Events Occurring After Reporting Date

The Ballet has evaluated events and transactions that occurred between May 31, 2022 and October 31, 2022, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to the 2021 financial statements to conform to the current year presentation. Such reclassifications had no impact on the change in net assets previously reported.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position, comprise the following as of May 31:

|  | <u>2022</u>             | <u>2021</u>             |
|--|-------------------------|-------------------------|
| Financial assets at year end:  |                         |                         |
| Cash and cash equivalents  | \$ 3,846,700            | \$ 3,313,686            |
| Accounts receivable, net   | 231,600                 | 62,301                  |
| Grants receivable  | 551,701                 | 105,460                 |
| Contributions receivable, net  | 317,091                 | 478,977                 |
| Investments  | 1,619,619               | 1,699,897               |
| Beneficial interest in agency endowment fund   | <u>65,044</u>           | <u>72,754</u>           |
| <br>Total financial assets   | <br><u>6,631,755</u>    | <br><u>5,733,075</u>    |
| <br>Less amounts not available to be used within one year:                                 |                         |                         |
| Contributions receivable due after one year, net   | (124,599)               | (177,967)               |
| Donor-restricted endowment funds   | (1,483,227)             | (1,554,016)             |
| Board-designated funds   | <u>(3,154,268)</u>      | <u>(1,658,967)</u>      |
| <br>Amounts not available to be used within one year                                       | <br><u>(4,762,094)</u>  | <br><u>(3,390,950)</u>  |
| <br>Financial assets available to meet cash needs for general expenditures within one year | <br><u>\$ 1,869,661</u> | <br><u>\$ 2,342,125</u> |

The Ballet's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Ballet keeps the majority of its cash in an interest-bearing money market account and is moved to its operating account as needed to cover expenditures. Any operating surplus at year end is discussed with the Board and reserved for future years and/or projects. The Board has set aside a cash reserve fund as well as funds for several projects. See Note 10 for the description and amount of all Board-designated funds. Although the Ballet does not intend to spend from the Board-designated endowment (other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation) and other Board-designated funds, these amounts could be made available if necessary.

The Ballet also has a line of credit with availability of \$400,000 to meet cash flow needs.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at May 31:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| Due in less than one year                 | \$ 211,052        | \$ 324,570        |
| One to five years                         | <u>128,000</u>    | <u>180,000</u>    |
|   | 339,052           | 504,570           |
| Less: discount to present value           | (3,401)           | (2,033)           |
| Less: allowance for uncollectible pledges | <u>(18,560)</u>   | <u>(23,560)</u>   |
|   | <u>\$ 317,091</u> | <u>\$ 478,977</u> |

NOTE 5 - DONOR-DESIGNATED AND AGENCY ENDOWMENT FUNDS

The Ballet has a beneficial interest in an agency endowment fund held by the Community Foundation. The Ballet has granted variance power to the Community Foundation, and the Community Foundation has the ultimate authority and control over the fund and the income derived therefrom. Upon request by the Ballet, income from the fund representing a 5% annual return may be distributed to the Ballet or to another suggested beneficiary. The Ballet's beneficial interest in this fund was \$65,044 as of May 31, 2022 (\$72,754 as of May 31, 2021).

Donor-designated endowment funds have been established by donors with the Community Foundation for the benefit of the Ballet. During 2021, a new fund was established now making three funds for the Ballet's benefit. The Community Foundation has the ultimate authority and control over these funds and, therefore, these investments are not included in the consolidated financial statements of the Ballet. Income distributed to the Ballet from these funds, which is recognized by the Ballet in the year received, amounted to \$226,312 during fiscal year 2022 (\$201,000 during fiscal year 2021). Total assets held in these funds approximated \$5,149,000 at May 31, 2022 and \$4,402,000 at May 31, 2021.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 6 - INVESTMENTS

Investments consisted of the following at May 31:

|                         | <u>2022</u>         | <u>2021</u>         |
|-------------------------|---------------------|---------------------|
| Money market accounts   | \$ 40,052           | \$ 194,144          |
| Certificates of deposit | -                   | 20,066              |
| Treasury bonds          | 35,741              | 35,579              |
| Corporate bonds         | 91,551              | 105,041             |
| Mutual funds            | 1,369,729           | 1,197,208           |
| Equities                | <u>82,546</u>       | <u>147,859</u>      |
| Total                   | <u>\$ 1,619,619</u> | <u>\$ 1,699,897</u> |

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 7 - FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Ballet's assets at fair value as of May 31:

|   | <u>2022</u>         |                   |                |                     |
|---|---------------------|-------------------|----------------|---------------------|
|   | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>        |
| Investments at fair value:                      |                     |                   |                |                     |
| Corporate bonds                                 | \$ -                | \$ 91,551         | \$ -           | \$ 91,551           |
| Treasury bonds                                  | -                   | 35,741            | -              | 35,741              |
| Mutual funds                                    | 1,369,729           | -                 | -              | 1,369,729           |
| Equities  | <u>82,546</u>       | <u>-</u>          | <u>-</u>       | <u>82,546</u>       |
| Total investments at fair value                 | <u>\$ 1,452,275</u> | <u>\$ 127,292</u> | <u>\$ -</u>    | 1,579,567           |
| Investments at cost                             |                     |                   |                | <u>40,052</u>       |
| Total investments                               |                     |                   |                | <u>\$ 1,619,619</u> |
| <br>  |                     |                   |                |                     |
| Beneficial interest in agency<br>endowment fund | <u>\$ -</u>         | <u>\$ 65,044</u>  | <u>\$ -</u>    | <u>\$ 65,044</u>    |
|   |                     |                   |                |                     |
|   | <u>2021</u>         |                   |                |                     |
|   | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>        |
| Investments at fair value:                      |                     |                   |                |                     |
| Corporate bonds                                 | \$ -                | \$ 105,041        | \$ -           | \$ 105,041          |
| Treasury bonds                                  | -                   | 35,579            | -              | 35,579              |
| Mutual funds                                    | 1,197,208           | -                 | -              | 1,197,208           |
| Equities  | <u>147,859</u>      | <u>-</u>          | <u>-</u>       | <u>147,859</u>      |
| Total investments at fair value                 | <u>\$ 1,345,067</u> | <u>\$ 140,620</u> | <u>\$ -</u>    | 1,485,687           |
| Investments at cost                             |                     |                   |                | <u>214,210</u>      |
| Total investments                               |                     |                   |                | <u>\$ 1,699,897</u> |
| <br>  |                     |                   |                |                     |
| Beneficial interest in agency<br>endowment fund | <u>\$ -</u>         | <u>\$ 72,754</u>  | <u>\$ -</u>    | <u>\$ 72,754</u>    |

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at May 31:

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Building and improvements      | \$ 8,285,350        | \$ 8,285,350        |
| Land and improvements          | 28,108              | 28,108              |
| Costumes                       | 1,365,505           | 1,325,704           |
| Sets and props                 | 1,503,226           | 1,443,853           |
| Furniture and equipment        | 625,848             | 508,384             |
| Vehicles                       | 38,685              | 38,685              |
|                                | <u>11,846,722</u>   | <u>11,630,084</u>   |
| Less: accumulated depreciation | <u>(5,226,060)</u>  | <u>(4,791,478)</u>  |
|                                | <u>\$ 6,620,662</u> | <u>\$ 6,838,606</u> |

NOTE 9 - NOTES PAYABLE

The Ballet had a non-revolving line of credit note, a revolving credit note, and a mortgage note with a bank. The non-revolving line of credit required monthly principal and interest payments at a fixed rate of 3.46% through October 2021, at which time all outstanding principal was scheduled to be due. In May 2021, the Ballet entered into a \$2,300,000 mortgage note with a new bank to refinance the existing note. The new note requires monthly payments of \$12,703 (including interest at a fixed rate of 2.95%) through May 2031, at which time all outstanding principal is due. As of May 31, 2022 and 2021, the outstanding balance under this note was \$2,207,954 and \$2,292,952, respectively. The mortgage note is secured by a deed of trust on the Ballet's building, which had a net book value of approximately \$6,000,000 at May 31, 2022, and a security agreement on substantially all other assets of the Ballet. The Ballet is also subject to certain covenant requirements.

The Ballet also has a \$400,000 revolving credit note that requires interest payments at a variable rate with a floor of 3.75%. All outstanding principal and interest is due on demand. As of May 31, 2022 and 2021, there was no outstanding balance under the revolving credit note.

The Ballet also entered into Paycheck Protection Program ("PPP") loans and an Economic Injury Disaster Loan ("EIDL"), which are fully described in Note 15. The PPP loans have been excluded from the schedule of required principal maturities of long term borrowings that follows, as they are subject to forgiveness and have ultimately been forgiven.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 9 - NOTES PAYABLE (CONTINUED)

Annual principal maturities under the notes are as follows:

For the year ending May 31,

|            |                     |
|------------|---------------------|
| 2023       | \$ 92,118           |
| 2024       | 94,866              |
| 2025       | 97,695              |
| 2026       | 100,608             |
| 2027       | 103,609             |
| Thereafter | <u>1,865,212</u>    |
|            | <u>\$ 2,354,108</u> |

NOTE 10 - NET ASSETS

Board designated net assets consisted of the following at May 31:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Designated as endowment   | \$ 104,005          | \$ 104,005          |
| Designated for dancer salaries  | -                   | 200,000             |
| Designated for Jane Fabian Memorial Fund endowment                      | 36,761              | 40,230              |
| Memorial gifts designated as endowment                                  | 11,840              | 11,840              |
| Designated for insurance  | 60,000              | -                   |
| Designated as cash reserve  | 2,870,624           | 1,218,124           |
| Unspent earnings on board designated endowment and<br>other investments | <u>71,038</u>       | <u>84,768</u>       |
|   | <u>\$ 3,154,268</u> | <u>\$ 1,658,967</u> |

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 10 - NET ASSETS (CONTINUED)

Net assets with donor restrictions as of May 31:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <i>Temporary in nature - subject to expenditure for specified purpose or passage of time:</i> |                     |                     |
| Nutcracker creation and renovation fund   | \$ 145,831          | \$ 145,831          |
| Donations or pledges for subsequent periods   | <u>674,536</u>      | <u>753,632</u>      |
|   | <u>820,367</u>      | <u>899,463</u>      |
| <br>  |                     |                     |
| <i>Temporary in nature - endowments - subject to appropriation:</i>                           |                     |                     |
| Unspent earnings on endowment fund  | 199,522             | 318,216             |
| Unspent earnings on agency endowment fund   | <u>14,944</u>       | <u>22,654</u>       |
|   | <u>214,466</u>      | <u>340,870</u>      |
| <br>  |                     |                     |
| <i>Total net assets with donor restrictions - temporary in nature</i>                         | <u>1,034,833</u>    | <u>1,240,333</u>    |
| <br>  |                     |                     |
| <i>Perpetual in nature - endowments:</i>  |                     |                     |
| Agency endowment fund   | 50,100              | 50,100              |
| Dancer salaries fund  | 25,000              | 25,000              |
| Scholarship fund  | 67,825              | 68,472              |
| Artistic fund   | 198,638             | 198,638             |
| General fund  | 927,198             | 870,936             |
| Contributions receivable, net   | <u>102,505</u>      | <u>120,421</u>      |
| <br>  |                     |                     |
| <i>Total net assets with donor restrictions - perpetual in nature</i>                         | <u>1,371,266</u>    | <u>1,333,567</u>    |
| <br>  |                     |                     |
| <i>Total net assets with donor restrictions</i>   | <u>\$ 2,406,099</u> | <u>\$ 2,573,900</u> |

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 11 - ENDOWMENT

The Ballet's endowment consists of donor-restricted funds to support professional ballet performances, educational community engagement performances and School of Nashville Ballet student scholarships. Contributions to these endowment funds were subject to donor restrictions that the original principal of the gifts are to be held and invested by the Ballet indefinitely, and income from the funds are to be used to fund professional ballet activities, including educational community engagement performances, and to support the dance training of students. The endowment also includes certain net assets without donor restrictions that have been designated for the endowment by the Board of Directors.

As of May 31, 2022 and 2021, the Ballet had the following endowment net asset composition by type of fund:

| <u>May 31, 2022</u>   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| Board-designated endowment funds  | \$ 201,436                            | \$ -                               | \$ 201,436          |
| Donor-restricted endowment funds:   |                                       |                                    |                     |
| Original donor-restricted gift amounts<br>required to be maintained in<br>perpetuity by donor | -                                     | 1,268,761                          | 1,268,761           |
| Accumulated investment gains  | -                                     | 214,466                            | 214,466             |
| Endowment net assets, May 31, 2022  | <u>\$ 201,436</u>                     | <u>\$ 1,483,227</u>                | <u>\$ 1,684,663</u> |
|   |                                       |                                    |                     |
| <u>May 31, 2021</u>   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
| Board-designated endowment funds  | \$ 218,635                            | \$ -                               | \$ 218,635          |
| Donor-restricted endowment funds:   |                                       |                                    |                     |
| Original donor-restricted gift amounts<br>required to be maintained in<br>perpetuity by donor | -                                     | 1,213,146                          | 1,213,146           |
| Accumulated investment gains  | -                                     | 340,870                            | 340,870             |
| Endowment net assets, May 31, 2021  | <u>\$ 218,635</u>                     | <u>\$ 1,554,016</u>                | <u>\$ 1,772,651</u> |

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 11 - ENDOWMENT (CONTINUED)

A summary of changes in endowments by net asset composition and type of fund was as follows:

| <u>Year ended May 31, 2022</u>                            | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, June 1, 2021                        | \$ 218,635                            | \$ 1,554,016                       | \$ 1,772,651        |
| Contributions   | -                                     | 55,615                             | 55,615              |
| Interest and dividend income, net of fees                 | 3,472                                 | 23,479                             | 26,951              |
| Realized and unrealized losses on investments             | (20,671)                              | (149,883)                          | (170,554)           |
| Amounts appropriated for expenditure or other designation | <u>-</u>                              | <u>-</u>                           | <u>-</u>            |
| Endowment net assets, May 31, 2022                        | <u>\$ 201,436</u>                     | <u>\$ 1,483,227</u>                | <u>\$ 1,684,663</u> |
|   |                                       |                                    |                     |
| <u>Year ended May 31, 2021</u>                            | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
| Endowment net assets, June 1, 2020                        | \$ 177,659                            | \$ 1,180,117                       | \$ 1,357,776        |
| Contributions   | -                                     | 104,237                            | 104,237             |
| Interest and dividend income, net of fees                 | 2,064                                 | 14,243                             | 16,307              |
| Realized and unrealized gains on investments              | 45,863                                | 299,322                            | 345,185             |
| Amounts appropriated for expenditure or other designation | <u>(6,951)</u>                        | <u>(43,903)</u>                    | <u>(50,854)</u>     |
| Endowment net assets, May 31, 2021                        | <u>\$ 218,635</u>                     | <u>\$ 1,554,016</u>                | <u>\$ 1,772,651</u> |

From time to time, the fair value of assets associated with certain endowment funds may fall below the level that the donor or UPMIFA requires the Ballet to retain as a fund of perpetual duration (underwater endowments). The Ballet has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudence measures required by law. At May 31, 2022 one endowment fund was underwater by approximately \$3,000 (there were no underwater endowments at May 31, 2021).

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 12 - CONCENTRATIONS

Financial instruments that potentially subject the Ballet to concentrations of credit risk consist of cash and cash equivalents, investments and various contributions, grants and other receivables. Contributions receivable consist of individual and corporate contribution pledges. Grant and other receivables represent concentrations of credit risk to the extent they are receivable from concentrated sources. At May 31, 2022, receivables from two sources totaled approximately \$697,000, or 63% of total receivables. At May 31, 2021, receivables from three sources totaled approximately \$406,000, or 63% of total receivables.

Combined grants and/or contributions from two sources amounted to approximately \$3,119,000 or 51% of total public support for the year ended May 31, 2022 (approximately \$1,981,000 or 45% of total public support from two sources for the year ended May 31, 2021).

The Ballet maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Ballet's cash balances may, at times, exceed statutory limits. The Ballet has not experienced any losses in such accounts and management considers this to be a normal business risk.

Investments are subject to market risk, the risk inherent in a fluctuating market. The custodians of the Ballet's securities are covered by the Securities Investor Protection Corporation ("SIPC"), which provides protection to investors in certain circumstances, such as fraud or failure of the institution. Coverage is limited to \$500,000 per broker/dealer custodian, including up to \$250,000 in cash. The SIPC does not insure against market risk.

NOTE 13 - EMPLOYEE RETIREMENT PLAN

The Ballet sponsors a 401(k) qualified retirement plan for its eligible employees. The Ballet can make discretionary contributions to the plan equal to a uniform percentage of employee's salary deferrals. The Ballet expensed \$20,000 for employer matching contributions to the plan for the year ended May 31, 2022. The Ballet made no employer matching contributions to the plan for the year ended May 31, 2021.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Ballet receives support from and, at times, purchases goods or services from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Directors. All related party transactions are subject to the Ballet's Conflict of Interest Policy.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 15 - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Ballet operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Ballet, to date, the Ballet is experiencing increased volatility in the fair value of investments and has experienced loss of revenues due to the cancellation of performances and classes. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions. The Ballet’s leadership team is evaluating the evolving situation and will implement appropriate countermeasures as determined to be appropriate.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was signed into law. The CARES Act provided an economic relief package to many businesses in the United States as a direct response to the adverse impacts of COVID-19. Section 1102 of the CARES Act established the Paycheck Protection Program (“PPP”), which was implemented by the Small Business Administration, and was intended to provide small businesses (generally those with 500 or less employees) with funds in amounts up to 2.5 times the business’s average monthly payroll expenses to pay for eligible expenses, including payroll, benefits, rent and utilities. The funds were available in the form of a loan. The loan is fully forgivable if at least 60% of the funds are used for payroll costs, and if certain other terms are met. Any unforgiven funds will convert to a note with a 1.0% interest rate and payable over 24 months.

On April 23, 2020, the Ballet received \$606,550 from a PPP loan. On December 29, 2020, the Ballet received notification that the PPP loan had been fully forgiven. As such, the forgiveness of the principal balance has been presented in the consolidated statements of activities as a grant.

On February 26, 2021, the Ballet received a second PPP loan in the amount of \$615,787. On December 22, 2021, the Ballet received notification that the PPP loan had been fully forgiven. As such, the forgiveness of the principal balance has been presented in the consolidated statement of activities as a grant.

The CARES Act also provided economic relief to businesses impacted by the coronavirus pandemic through the Economic Injury Disaster Loan Program (“EIDL”). On June 10, 2020, the Ballet received an EIDL in the amount of \$150,000, which is included in notes payable on the consolidated statements of financial position. The loan requires monthly payments of \$641 (including interest at a fixed rate of 2.75%) beginning June 10, 2021 through June 10, 2050, at which time all outstanding principal and interest is due. As of May 31, 2022 and 2021, the outstanding balance was \$146,154 and \$150,000, respectively.

NASHVILLE BALLET

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MAY 31, 2022 AND 2021

NOTE 15 - COVID-19 (CONTINUED)

The CARES Act also provided the Employer Retention Credit (“ERC”) program to encourage employers to retain and continue to pay employees during the pandemic. The ERC program was modified, expanded and extended by the 2021 Consolidated Appropriations Act (“CAA”) and subsequently extended again by the American Rescue Plan (“ARP”) Act. If certain criteria are met under the program, employers are eligible to claim the ERC which is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages. The Ballet filed revised 941 returns in 2021 in order to claim the ERC in the amount of \$680,055. The Ballet is accounting for the ERC as a conditional grant and recognized the ERC in the consolidated statement of activities during the year ended May 31, 2021 as all applicable conditions were met.

CONSOLIDATING INFORMATION

NASHVILLE BALLET

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MAY 31, 2022

|  | <u>Nashville<br/>Ballet</u> | <u>Nashville<br/>Ballet<br/>Foundation</u> | <u>Total</u>         |
|--|-----------------------------|--|----------------------|
| <u>ASSETS</u>  |                             |  |                      |
| Cash and cash equivalents  | \$ 3,846,700                | \$ -                                       | \$ 3,846,700         |
| Accounts receivable, net of allowance  | 231,600                     | -  | 231,600              |
| Grants receivable  | 551,701                     | -  | 551,701              |
| Contributions receivable, net  | 239,171                     | 77,920                                     | 317,091              |
| Prepaid expenses and other   | 571,693                     | -  | 571,693              |
| Investments  | -                           | 1,619,619                                  | 1,619,619            |
| Property and equipment, net  | 6,620,662                   | -  | 6,620,662            |
| Beneficial interest in agency endowment fund held by the<br>Community Foundation of Middle Tennessee | 65,044                      | -  | 65,044               |
| <b>TOTAL ASSETS</b>  | <u>\$ 12,126,571</u>        | <u>\$ 1,697,539</u>                        | <u>\$ 13,824,110</u> |
| <u>LIABILITIES AND NET ASSETS</u>  |                             |  |                      |
| <b>LIABILITIES</b>   |                             |  |                      |
| Accounts payable   | \$ 286,778                  | \$ -                                       | \$ 286,778           |
| Payroll liabilities  | 120,022                     | -  | 120,022              |
| Deferred revenue   | 1,018,804                   | -  | 1,018,804            |
| Notes payable  | 2,354,108                   | -  | 2,354,108            |
| <b>TOTAL LIABILITIES</b>   | <u>3,779,712</u>            | <u>-</u>                                   | <u>3,779,712</u>     |
| <b>NET ASSETS</b>  |                             |  |                      |
| Without donor restrictions:  |                             |  |                      |
| Board designated   | 2,951,665                   | 202,603                                    | 3,154,268            |
| Invested in property and equipment, less related debt  | 4,412,708                   | -  | 4,412,708            |
| Undesignated (deficit)   | 74,391                      | (3,068)                                    | 71,323               |
| Total without donor restrictions   | 7,438,764                   | 199,535                                    | 7,638,299            |
| With donor restrictions  | 908,095                     | 1,498,004                                  | 2,406,099            |
| <b>TOTAL NET ASSETS</b>  | <u>8,346,859</u>            | <u>1,697,539</u>                           | <u>10,044,398</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <u>\$ 12,126,571</u>        | <u>\$ 1,697,539</u>                        | <u>\$ 13,824,110</u> |

NASHVILLE BALLET

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MAY 31, 2021

|  | <u>Nashville<br/>Ballet</u> | <u>Nashville<br/>Ballet<br/>Foundation</u> | <u>Total</u>         |
|--|-----------------------------|--|----------------------|
| <u>ASSETS</u>  |                             |  |                      |
| Cash and cash equivalents  | \$ 3,313,686                | \$ -                                       | \$ 3,313,686         |
| Accounts receivable, net of allowance  | 62,301                      | -  | 62,301               |
| Grants receivable  | 105,460                     | -  | 105,460              |
| Contributions receivable, net  | 359,688                     | 119,289                                    | 478,977              |
| Prepaid expenses and other   | 264,642                     | -  | 264,642              |
| Investments  | -                           | 1,699,897                                  | 1,699,897            |
| Property and equipment, net  | 6,838,606                   | -  | 6,838,606            |
| Beneficial interest in agency endowment fund held by the<br>Community Foundation of Middle Tennessee | 72,754                      | -  | 72,754               |
| TOTAL ASSETS   | <u>\$ 11,017,137</u>        | <u>\$ 1,819,186</u>                        | <u>\$ 12,836,323</u> |
| <u>LIABILITIES AND NET ASSETS</u>  |                             |  |                      |
| <u>LIABILITIES</u>   |                             |  |                      |
| Accounts payable   | \$ 248,115                  | \$ -                                       | \$ 248,115           |
| Payroll liabilities  | 103,446                     | -  | 103,446              |
| Deferred revenue   | 605,240                     | -  | 605,240              |
| Notes payable  | 3,058,738                   | -  | 3,058,738            |
| TOTAL LIABILITIES  | <u>4,015,539</u>            | <u>-</u>                                   | <u>4,015,539</u>     |
| <u>NET ASSETS</u>  |                             |  |                      |
| Without donor restrictions:  |                             |  |                      |
| Board designated   | 1,439,165                   | 219,802                                    | 1,658,967            |
| Invested in property and equipment, less related debt  | 4,545,655                   | -  | 4,545,655            |
| Undesignated (deficit)   | 44,561                      | (2,299)                                    | 42,262               |
| Total without donor restrictions   | 6,029,381                   | 217,503                                    | 6,246,884            |
| With donor restrictions  | 972,217                     | 1,601,683                                  | 2,573,900            |
| TOTAL NET ASSETS   | <u>7,001,598</u>            | <u>1,819,186</u>                           | <u>8,820,784</u>     |
| TOTAL LIABILITIES AND NET ASSETS   | <u>\$ 11,017,137</u>        | <u>\$ 1,819,186</u>                        | <u>\$ 12,836,323</u> |

NASHVILLE BALLET

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2022

|  | Nashville Ballet              |                            |                     | Nashville Ballet Foundation   |                            |                     | Total                         |                            |                      |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|----------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals               |
| <b>SUPPORT AND REVENUE</b>   |                               |                            |                     |                               |                            |                     |                               |                            |                      |
| Season ticket sales  | \$ 57,209                     | \$ -                       | \$ 57,209           | \$ -                          | \$ -                       | \$ -                | \$ 57,209                     | \$ -                       | \$ 57,209            |
| Single and group ticket sales  | 1,197,107                     | -                          | 1,197,107           | -                             | -                          | -                   | 1,197,107                     | -                          | 1,197,107            |
| Rentals and touring  | 219,530                       | -                          | 219,530             | -                             | -                          | -                   | 219,530                       | -                          | 219,530              |
| Community engagement   | 11,299                        | -                          | 11,299              | -                             | -                          | -                   | 11,299                        | -                          | 11,299               |
| School tuition   | 1,029,913                     | -                          | 1,029,913           | -                             | -                          | -                   | 1,029,913                     | -                          | 1,029,913            |
| Public Support:  |                               |                            |                     |                               |                            |                     |                               |                            |                      |
| Grants   | 3,061,064                     | -                          | 3,061,064           | -                             | -                          | -                   | 3,061,064                     | -                          | 3,061,064            |
| Individual contributions   | 962,496                       | 171,214                    | 1,133,710           | -                             | 15,015                     | 15,015              | 962,496                       | 186,229                    | 1,148,725            |
| Corporate and foundation contributions   | 288,868                       | 514,649                    | 803,517             | -                             | -                          | -                   | 288,868                       | 514,649                    | 803,517              |
| Contributions from the Community Foundation of Middle Tennessee  | 226,312                       | -                          | 226,312             | -                             | -                          | -                   | 226,312                       | -                          | 226,312              |
| Ballet Ball revenue  | 697,896                       | -                          | 697,896             | -                             | -                          | -                   | 697,896                       | -                          | 697,896              |
| Friends support and benefits   | 4,127                         | -                          | 4,127               | -                             | -                          | -                   | 4,127                         | -                          | 4,127                |
| Donated goods and services   | 115,725                       | -                          | 115,725             | -                             | -                          | -                   | 115,725                       | -                          | 115,725              |
| Investment income (loss), net  | 3,531                         | (7,710)                    | (4,179)             | (17,968)                      | (118,694)                  | (136,662)           | (14,437)                      | (126,404)                  | (140,841)            |
| Miscellaneous  | 251,516                       | -                          | 251,516             | -                             | -                          | -                   | 251,516                       | -                          | 251,516              |
| Net assets released from restrictions  | 742,275                       | (742,275)                  | -                   | -                             | -                          | -                   | 742,275                       | (742,275)                  | -                    |
| <b>TOTAL SUPPORT AND REVENUE</b>   | <b>8,868,868</b>              | <b>(64,122)</b>            | <b>8,804,746</b>    | <b>(17,968)</b>               | <b>(103,679)</b>           | <b>(121,647)</b>    | <b>8,850,900</b>              | <b>(167,801)</b>           | <b>8,683,099</b>     |
| <b>EXPENSES</b>  |                               |                            |                     |                               |                            |                     |                               |                            |                      |
| Program services   | 6,034,595                     | -                          | 6,034,595           | -                             | -                          | -                   | 6,034,595                     | -                          | 6,034,595            |
| Supporting services:   |                               |                            |                     |                               |                            |                     |                               |                            |                      |
| Management and general   | 623,280                       | -                          | 623,280             | -                             | -                          | -                   | 623,280                       | -                          | 623,280              |
| Fundraising  | 801,610                       | -                          | 801,610             | -                             | -                          | -                   | 801,610                       | -                          | 801,610              |
| <b>TOTAL EXPENSES</b>  | <b>7,459,485</b>              | <b>-</b>                   | <b>7,459,485</b>    | <b>-</b>                      | <b>-</b>                   | <b>-</b>            | <b>7,459,485</b>              | <b>-</b>                   | <b>7,459,485</b>     |
| <b>CHANGE IN NET ASSET PRIOR TO TRANSFERS BETWEEN<br/>NASHVILLE BALLET AND NASHVILLE<br/>BALLET FOUNDATION</b> |                               |                            |                     |                               |                            |                     |                               |                            |                      |
|  | 1,409,383                     | (64,122)                   | 1,345,261           | (17,968)                      | (103,679)                  | (121,647)           | 1,391,415                     | (167,801)                  | 1,223,614            |
| <b>DISTRIBUTION TO NASHVILLE BALLET FROM<br/>NASHVILLE BALLET FOUNDATION</b>                                   |                               |                            |                     |                               |                            |                     |                               |                            |                      |
|  | -                             | -                          | -                   | -                             | -                          | -                   | -                             | -                          | -                    |
| <b>CHANGE IN NET ASSETS</b>  | <b>1,409,383</b>              | <b>(64,122)</b>            | <b>1,345,261</b>    | <b>(17,968)</b>               | <b>(103,679)</b>           | <b>(121,647)</b>    | <b>1,391,415</b>              | <b>(167,801)</b>           | <b>1,223,614</b>     |
| <b>NET ASSETS - BEGINNING OF YEAR</b>  | <b>6,029,381</b>              | <b>972,217</b>             | <b>7,001,598</b>    | <b>217,503</b>                | <b>1,601,683</b>           | <b>1,819,186</b>    | <b>6,246,884</b>              | <b>2,573,900</b>           | <b>8,820,784</b>     |
| <b>NET ASSETS - END OF YEAR</b>  | <b>\$ 7,438,764</b>           | <b>\$ 908,095</b>          | <b>\$ 8,346,859</b> | <b>\$ 199,535</b>             | <b>\$ 1,498,004</b>        | <b>\$ 1,697,539</b> | <b>\$ 7,638,299</b>           | <b>\$ 2,406,099</b>        | <b>\$ 10,044,398</b> |

NASHVILLE BALLET

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MAY 31, 2021

|  | Nashville Ballet              |                            |                     | Nashville Ballet Foundation   |                            |                     | Total                         |                            |                     |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals              |
| <b>SUPPORT AND REVENUE</b>   |                               |                            |                     |                               |                            |                     |                               |                            |                     |
| Season ticket sales  | \$ 3,930                      | \$ -                       | \$ 3,930            | \$ -                          | \$ -                       | \$ -                | \$ 3,930                      | \$ -                       | \$ 3,930            |
| Single and group ticket sales  | 98,405                        | -                          | 98,405              | -                             | -                          | -                   | 98,405                        | -                          | 98,405              |
| Rentals and touring  | 5,250                         | -                          | 5,250               | -                             | -                          | -                   | 5,250                         | -                          | 5,250               |
| Community engagement   | 10,635                        | -                          | 10,635              | -                             | -                          | -                   | 10,635                        | -                          | 10,635              |
| School tuition   | 659,031                       | -                          | 659,031             | -                             | -                          | -                   | 659,031                       | -                          | 659,031             |
| Public Support:  |                               |                            |                     |                               |                            |                     |                               |                            |                     |
| Grants   | 1,628,804                     | -                          | 1,628,804           | -                             | -                          | -                   | 1,628,804                     | -                          | 1,628,804           |
| Individual contributions   | 1,339,194                     | 18,570                     | 1,357,764           | -                             | 24,013                     | 24,013              | 1,339,194                     | 42,583                     | 1,381,777           |
| Corporate and foundation contributions   | 215,556                       | 573,069                    | 788,625             | -                             | -                          | -                   | 215,556                       | 573,069                    | 788,625             |
| Contributions from the Community Foundation of Middle Tennessee  | 201,000                       | -                          | 201,000             | -                             | -                          | -                   | 201,000                       | -                          | 201,000             |
| Ballet Ball revenue  | 253,903                       | -                          | 253,903             | -                             | -                          | -                   | 253,903                       | -                          | 253,903             |
| Friends support and benefits   | 2,533                         | -                          | 2,533               | -                             | -                          | -                   | 2,533                         | -                          | 2,533               |
| Donated goods and services   | 120,062                       | -                          | 120,062             | -                             | -                          | -                   | 120,062                       | -                          | 120,062             |
| Investment income, net   | 5,180                         | 11,015                     | 16,195              | 48,130                        | 302,551                    | 350,681             | 53,310                        | 313,566                    | 366,876             |
| Miscellaneous  | 17,403                        | -                          | 17,403              | -                             | -                          | -                   | 17,403                        | -                          | 17,403              |
| Net assets released from restrictions  | 724,842                       | (724,842)                  | -                   | 45,980                        | (45,980)                   | -                   | 770,822                       | (770,822)                  | -                   |
| <b>TOTAL SUPPORT AND REVENUE</b>   | <b>5,285,728</b>              | <b>(122,188)</b>           | <b>5,163,540</b>    | <b>94,110</b>                 | <b>280,584</b>             | <b>374,694</b>      | <b>5,379,838</b>              | <b>158,396</b>             | <b>5,538,234</b>    |
| <b>EXPENSES</b>  |                               |                            |                     |                               |                            |                     |                               |                            |                     |
| Program services   | 4,058,575                     | -                          | 4,058,575           | -                             | -                          | -                   | 4,058,575                     | -                          | 4,058,575           |
| Supporting services:   |                               |                            |                     |                               |                            |                     |                               |                            |                     |
| Management and general   | 525,471                       | -                          | 525,471             | -                             | -                          | -                   | 525,471                       | -                          | 525,471             |
| Fundraising  | 387,231                       | -                          | 387,231             | -                             | -                          | -                   | 387,231                       | -                          | 387,231             |
| <b>TOTAL EXPENSES</b>  | <b>4,971,277</b>              | <b>-</b>                   | <b>4,971,277</b>    | <b>-</b>                      | <b>-</b>                   | <b>-</b>            | <b>4,971,277</b>              | <b>-</b>                   | <b>4,971,277</b>    |
| <b>CHANGE IN NET ASSET PRIOR TO TRANSFERS BETWEEN<br/>NASHVILLE BALLET AND NASHVILLE<br/>BALLET FOUNDATION</b> | <b>314,451</b>                | <b>(122,188)</b>           | <b>192,263</b>      | <b>94,110</b>                 | <b>280,584</b>             | <b>374,694</b>      | <b>408,561</b>                | <b>158,396</b>             | <b>566,957</b>      |
| <b>DISTRIBUTION TO NASHVILLE BALLET FROM<br/>NASHVILLE BALLET FOUNDATION</b>                                   | <b>50,854</b>                 | <b>-</b>                   | <b>50,854</b>       | <b>(50,854)</b>               | <b>-</b>                   | <b>(50,854)</b>     | <b>-</b>                      | <b>-</b>                   | <b>-</b>            |
| <b>CHANGE IN NET ASSETS</b>  | <b>365,305</b>                | <b>(122,188)</b>           | <b>243,117</b>      | <b>43,256</b>                 | <b>280,584</b>             | <b>323,840</b>      | <b>408,561</b>                | <b>158,396</b>             | <b>566,957</b>      |
| <b>NET ASSETS - BEGINNING OF YEAR</b>  | <b>5,664,076</b>              | <b>1,094,405</b>           | <b>6,758,481</b>    | <b>174,247</b>                | <b>1,321,099</b>           | <b>1,495,346</b>    | <b>5,838,323</b>              | <b>2,415,504</b>           | <b>8,253,827</b>    |
| <b>NET ASSETS - END OF YEAR</b>  | <b>\$ 6,029,381</b>           | <b>\$ 972,217</b>          | <b>\$ 7,001,598</b> | <b>\$ 217,503</b>             | <b>\$ 1,601,683</b>        | <b>\$ 1,819,186</b> | <b>\$ 6,246,884</b>           | <b>\$ 2,573,900</b>        | <b>\$ 8,820,784</b> |