

GOING FURTHER

SARASOTA BALLET OF FLORIDA, INC.

FINANCIAL REPORT

MAY 31, 2025 AND 2024

Table Of Contents

Independent Auditor's Report	1-2
Financial Statements	
Statements of financial position	3
Statement of activities, year ended May 31, 2025	4
Statement of activities, year ended May 31, 2024	5
Statement of functional expenses, year ended May 31, 2025	6
Statement of functional expenses, year ended May 31, 2024	7
Statements of cash flows	8
Notes to financial statements	9-23



Independent Auditor's Report

Board of Trustees
Sarasota Ballet of Florida, Inc.
Sarasota, Florida

Opinion

We have audited the accompanying financial statements of Sarasota Ballet of Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sarasota Ballet of Florida, Inc. as of May 31, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sarasota Ballet of Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Bradenton, Florida
October 2, 2025

Mauldin & Jenkins, LLC

Sarasota Ballet of Florida, Inc.

STATEMENTS OF FINANCIAL POSITION MAY 31, 2025 AND 2024

ASSETS	2025	2024
Current assets		
Cash	\$ 1,047,857	\$ 808,991
Designated cash	546,215	646,215
Investments, at fair value	3,851,110	3,781,747
Pledge receivables, current	570,550	523,304
Grants receivable	95,925	115,595
Bequest receivable	3,000,000	-
Prepaid expenses	376,476	732,301
Total current assets	<u>9,488,133</u>	<u>6,608,153</u>
Investments designated for deferred compensation	168,503	115,000
Long-term investments, at fair value	6,990,193	6,136,115
Property and equipment, net of accumulated depreciation	1,777,205	1,783,889
Right of use assets, operating	2,585,566	2,175,520
Pledge receivables	-	121,454
Bequest receivable, net	1,805,750	-
Prepaid expenses, long-term license fees	180,325	160,950
Other assets	12,620	16,357
	<u>13,520,162</u>	<u>10,509,285</u>
TOTAL ASSETS	\$ 23,008,295	\$ 17,117,438
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 162,050	\$ 177,741
Accrued expenses	205,385	158,355
Deferred revenue	1,201,835	1,109,359
Lease liability - operating leases, current portion	472,604	362,551
Total current liabilities	<u>2,041,874</u>	<u>1,808,006</u>
Lease liability - operating leases, less current portion	2,268,476	1,949,733
Deferred compensation	168,503	115,000
Total liabilities	<u>4,478,853</u>	<u>3,872,739</u>
Net assets		
Without donor restrictions		
Undesignated	8,309,141	3,532,341
Board designated (see Note 3)	714,718	761,215
Board designated - endowment (see Note 11)	6,644,064	5,785,399
With donor restrictions		
Time or purpose	2,183,187	2,525,758
Perpetual	678,332	639,986
TOTAL NET ASSETS	<u>18,529,442</u>	<u>13,244,699</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 23,008,295	\$ 17,117,438

See Notes to Financial Statements.

Sarasota Ballet of Florida, Inc.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2025

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetual	
Support, revenue and releases				
Revenues				
Ticket sales	\$ 1,769,061	\$ -	\$ -	\$ 1,769,061
Tuition and school revenues	1,768,940	-	-	1,768,940
Fundraising revenues	27,957	-	-	27,957
Program book revenues	-	-	-	-
Investment return, net	576,376	37,475	38,346	652,197
FSB revenues	53,950	-	-	53,950
Rental income	56,535	-	-	56,535
Other	17,431	-	-	17,431
	<u>4,270,250</u>	<u>37,475</u>	<u>38,346</u>	<u>4,346,071</u>
Public support				
Contributions	9,918,735	1,991,492	-	11,910,227
Contributions - nonfinancial assets	269,457	-	-	269,457
	<u>10,188,192</u>	<u>1,991,492</u>	<u>-</u>	<u>12,179,684</u>
Governmental support	<u>95,925</u>	<u>-</u>	<u>-</u>	<u>95,925</u>
Net assets released from restrictions (see Note 10)	<u>2,371,538</u>	<u>(2,371,538)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>16,925,905</u>	<u>(342,571)</u>	<u>38,346</u>	<u>16,621,680</u>
Functional expenses				
Program services				
Production and company	6,325,857	-	-	6,325,857
School	360,606	-	-	360,606
Touring	659,694	-	-	659,694
Margaret Barbieri Conservatory	538,045	-	-	538,045
The Nutcracker	166,780	-	-	166,780
Dance the Next Generation	542,772	-	-	542,772
Summer programs	483,838	-	-	483,838
	<u>9,077,592</u>	<u>-</u>	<u>-</u>	<u>9,077,592</u>
Supporting services				
Management and general	1,302,561	-	-	1,302,561
Fundraising	956,784	-	-	956,784
Total functional expenses	<u>11,336,937</u>	<u>-</u>	<u>-</u>	<u>11,336,937</u>
Change in net assets	5,588,968	(342,571)	38,346	5,284,743
Net assets, beginning of year	<u>10,078,955</u>	<u>2,525,758</u>	<u>639,986</u>	<u>13,244,699</u>
Net assets, end of year	<u>\$ 15,667,923</u>	<u>\$ 2,183,187</u>	<u>\$ 678,332</u>	<u>\$ 18,529,442</u>

See Notes to Financial Statements.

Sarasota Ballet of Florida, Inc.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2024

	Restated			Total
	Without Donor	With Donor Restrictions		
	Restrictions	Time or Purpose	Perpetual	
Support, revenue and releases				
Revenues				
Ticket sales	\$ 1,541,103	\$ -	\$ -	\$ 1,541,103
Tuition and school revenues	1,619,666	-	-	1,619,666
Fundraising revenues	25,485	-	-	25,485
Program book revenues	2,785	-	-	2,785
Investment return, net	1,185,036	30,351	89,192	1,304,579
FSB revenues	67,313	-	-	67,313
Rental income	104,850	-	-	104,850
Other	300	-	-	300
	<u>4,546,538</u>	<u>30,351</u>	<u>89,192</u>	<u>4,666,081</u>
Public support				
Contributions	3,911,363	2,259,574	-	6,170,937
Contributions - nonfinancial assets	285,258	-	-	285,258
	<u>4,196,621</u>	<u>2,259,574</u>	<u>-</u>	<u>6,456,195</u>
Governmental support	231,189	-	-	231,189
	<u>1,571,615</u>	<u>(1,571,615)</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions (see Note 10)				
Total support and revenue	<u>10,545,963</u>	<u>718,310</u>	<u>89,192</u>	<u>11,353,465</u>
Functional expenses				
Program services				
Production and company	5,551,055	-	-	5,551,055
School	350,348	-	-	350,348
Margaret Barbieri Conservatory	499,365	-	-	499,365
The Nutcracker	151,738	-	-	151,738
Dance the Next Generation	545,190	-	-	545,190
Summer programs	531,603	-	-	531,603
	<u>7,629,299</u>	<u>-</u>	<u>-</u>	<u>7,629,299</u>
Supporting services				
Management and general	1,171,361	-	-	1,171,361
Fundraising	992,916	-	-	992,916
Total functional expenses	<u>9,793,576</u>	<u>-</u>	<u>-</u>	<u>9,793,576</u>
Change in net assets	752,387	718,310	89,192	1,559,889
Net assets, beginning of year	<u>9,326,568</u>	<u>1,807,448</u>	<u>550,794</u>	<u>11,684,810</u>
Net assets, end of year	<u>\$ 10,078,955</u>	<u>\$ 2,525,758</u>	<u>\$ 639,986</u>	<u>\$ 13,244,699</u>

See Notes to Financial Statements.

Sarasota Ballet of Florida, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2025**

	Program Services							Supporting Services			Total Program and Supporting Services
	Production and Company	School	Margaret Barbieri Conservatory	The Nutcracker	Touring	Dance the Next Generation	Summer Programs	Total Program Expenses	Management and General	Fundraising	
Salaries and benefits	\$ 3,387,988	\$ 241,663	\$ 290,149	\$ 3,890	247,091	\$ 381,043	\$ 188,410	\$ 4,740,234	\$ 810,361	\$ 614,011	\$ 6,164,606
Professional services and fees	42,180	-	-	-	268	25	-	42,473	98,928	134	141,535
Office expense	14,103	6,535	10,955	26	-	12,222	3,853	47,694	268,961	10,747	327,402
Telephone	10,555	6,224	5,534	-	-	4,474	400	27,187	18,776	3,450	49,413
Postage and shipping	34,025	-	-	6,833	-	-	2,686	43,544	1,745	2,502	47,791
Rental and maintenance	399,420	53,283	147,473	43,750	-	72,706	1,247	717,879	10,050	-	727,929
Advertising and marketing	627,213	25,130	3,622	21,196	17,152	2,764	56,018	753,095	-	15,170	768,265
Travel	169,731	670	3,617	716	273,969	17,349	23,967	490,019	2,496	2,016	494,531
Dues and subscriptions	481	89	98	35	-	216	19	938	8,339	97	9,374
Insurance	10,255	-	-	-	15,020	-	-	25,275	73,054	-	98,329
Miscellaneous	125	527	348	1,463	-	2,566	701	5,730	-	10,758	16,488
Live music	377,765	-	-	27,000	-	-	-	404,765	-	-	404,765
Costumes and sets	103,479	9,276	8,128	15,953	10,497	22,543	8,816	178,692	-	-	178,692
Box office expense	2,386	-	-	-	-	-	-	2,386	-	-	2,386
Shoe expense	119,657	-	-	-	-	-	-	119,657	-	-	119,657
Catering and refreshments	36,700	-	-	-	-	-	-	36,700	-	98,849	135,549
Gala expenses	-	-	-	-	-	-	-	-	-	161,705	161,705
Scholarships	-	4,014	56,418	-	-	20,700	31,637	112,769	-	-	112,769
Contracted services	558,566	1,791	800	42,798	71,780	-	776	676,511	-	-	676,511
License fees and royalties	238,755	-	-	-	22,917	-	-	261,672	-	-	261,672
Room and board	-	-	-	-	-	-	165,308	165,308	-	-	165,308
Friends of Ballet expenses	-	-	-	-	-	-	-	-	-	35,531	35,531
Physical therapy and medical expenses	29,061	-	-	-	1,000	-	-	30,061	-	-	30,061
Total expenses before depreciation	6,162,445	349,202	527,142	163,660	659,694	536,608	483,838	8,882,589	1,292,710	954,970	11,130,269
Depreciation	163,412	11,404	10,903	3,120	-	6,164	-	195,003	9,851	1,814	206,668
Total expenses	\$ 6,325,857	\$ 360,606	\$ 538,045	\$ 166,780	\$ 659,694	\$ 542,772	\$ 483,838	\$ 9,077,592	\$ 1,302,561	\$ 956,784	\$ 11,336,937

See Notes to Financial Statements.

Sarasota Ballet of Florida, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2024**

	Program Services						Supporting Services			Total Program and Supporting Services
	Production and Company	School	Margaret Barbieri Conservatory	The Nutcracker	Dance the Next Generation	Summer Programs	Total Program Expenses	Management and General	Fundraising	
Salaries and benefits	\$ 3,065,998	\$ 217,209	\$ 262,459	\$ -	\$ 376,853	\$ 177,644	\$ 4,100,163	\$ 699,532	\$ 474,028	\$ 5,273,723
Professional services and fees	63,906	-	-	-	-	-	63,906	68,091	2,295	134,292
Office expense	13,263	6,530	9,550	384	8,580	2,941	41,248	246,464	14,065	301,777
Telephone	9,579	5,164	4,114	-	4,304	900	24,061	21,607	2,650	48,318
Postage and shipping	34,876	-	-	2,855	-	-	37,731	1,763	17,931	57,425
Rental and maintenance	229,978	59,377	138,560	41,247	80,085	8,490	557,737	8,954	-	566,691
Advertising and marketing	689,022	31,583	7,128	11,001	4,624	44,050	787,408	1,111	61,762	850,281
Travel	88,768	-	2,141	352	22,187	27,399	140,847	6,410	6,317	153,574
Dues and subscriptions	1,415	45	45	-	478	-	1,983	6,994	1,976	10,953
Insurance	9,076	-	-	-	-	-	9,076	75,906	-	84,982
Miscellaneous	23,973	664	2,523	1,578	12,690	2,193	43,621	20,714	3,566	67,901
Live music	175,568	-	-	28,027	-	-	203,595	-	-	203,595
Costumes and sets	106,235	6,880	11,604	17,972	12,779	6,949	162,419	-	-	162,419
Box office expense	6,243	-	-	-	-	-	6,243	-	-	6,243
Shoe expense	129,684	-	-	-	-	-	129,684	-	-	129,684
Catering and refreshments	36,600	-	-	-	-	-	36,600	-	157,833	194,433
Gala expenses	-	-	-	-	-	-	-	-	204,614	204,614
Scholarships	-	9,357	50,947	-	6,840	51,710	118,854	-	-	118,854
Contracted services	412,042	-	450	48,322	-	1,647	462,461	-	-	462,461
License fees and royalties	261,772	-	-	-	-	-	261,772	-	-	261,772
Room and board	-	-	-	-	-	207,680	207,680	-	-	207,680
Friends of Ballet expenses	-	-	-	-	-	-	-	-	44,793	44,793
Physical therapy and medical expenses	20,919	-	-	-	-	-	20,919	59	-	20,978
Total expenses before depreciation	5,378,917	336,809	489,521	151,738	529,420	531,603	7,418,008	1,157,605	991,830	9,567,443
Depreciation	172,138	13,539	9,844	-	15,770	-	211,291	13,756	1,086	226,133
Total expenses	\$ 5,551,055	\$ 350,348	\$ 499,365	\$ 151,738	\$ 545,190	\$ 531,603	\$ 7,629,299	\$ 1,171,361	\$ 992,916	\$ 9,793,576

See Notes to Financial Statements.

Sarasota Ballet of Florida, Inc.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MAY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 5,284,743	\$ 1,559,889
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	206,668	226,133
Realized and unrealized (gain) on investments	(388,444)	(1,023,041)
Change in operating assets and liabilities		
Pledge receivables	74,208	(102,448)
Grant receivables	19,670	(76,497)
Bequest receivable	(4,805,750)	-
Prepaid expenses	336,450	(484,349)
Operating leases, net	18,750	33,274
Other assets	3,737	(130)
Accounts payable	(15,691)	52,858
Accrued expenses	47,030	36,602
Deferred revenue	92,476	49,303
Deferred compensation	53,503	20,000
Net cash provided by operating activities	<u>927,350</u>	<u>291,594</u>
Cash flows from investing activities		
Purchases of property and equipment	(199,984)	(301,431)
Purchases of investments	(869,820)	(1,102,440)
Sales of investments	281,320	1,242,901
Net cash (used in) investing activities	<u>(788,484)</u>	<u>(160,970)</u>
Net increase in cash	138,866	130,624
Cash, beginning of year	<u>1,455,206</u>	<u>1,324,582</u>
Cash, end of year	<u>\$ 1,594,072</u>	<u>\$ 1,455,206</u>
Cash and cash equivalents		
Cash, unrestricted	\$ 1,047,857	\$ 808,991
Cash, Board designated	546,215	646,215
	<u>\$ 1,594,072</u>	<u>\$ 1,455,206</u>
Supplemental disclosure of cash flow information		
Initial recognition of operating lease right of use asset	\$ 701,029	\$ 721,407
Initial recognition of operating lease liability	697,566	721,407

See Notes to Financial Statements.

Notes To The Financial Statements

NOTE 1. ORGANIZATION

The Sarasota Ballet of Florida, Inc. (the "Organization") is a Florida non-profit corporation chartered on April 10, 1989. The Organization is committed to artistic excellence in classical and contemporary dance, encouragement of choreographic talent, expansion of education and outreach programs, and participation in joint ventures with other arts organizations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes: (1) net assets without donor restrictions, and (2) net assets with donor restrictions.

Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted and are reported as part of net assets without donor restrictions. From time to time, the Board designates certain recurring and/or nonrecurring items for use on specific future projects.

Management Estimates

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

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at their fair values. Donated marketable securities are recorded at their fair values at the date of donation and are immediately sold upon receipt. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations. The Dance the Next Generation and operating investments are managed by the Community Foundation of Sarasota and are included in funds pooled with other organizations.

Investments are exposed to various risks, such as interest rate risk and credit conditions. Due to the level of risk associated with investments and the level of uncertainty related to the change in the value of investments, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the statement of financial position.

Net Assets

Net assets, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time, the Board designates certain recurring and/or nonrecurring items for use on specific future projects.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources must be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Ticket sales and program revenue are recorded in the fiscal year the performances are completed. Tuition and room and board payments received are recorded as revenue when the class is held. Revenue earned in connection with fundraising/special events are recognized in the year in which the event occurs.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Promises to Give)

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as net assets without donor restrictions. All promises to give are considered fully collectible by management.

Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of goods and professional services utilized in operations and are recorded at estimated fair value when received by the Organization. The fair value of contributed goods is estimated based on retail prices of similar items. The fair value of contributed professional services is estimated based on current rates for similar services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, which is not reflected in the financial statements as these tasks do not meet the requirements for recognition.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the lives of the assets ranging from three to 20 years. The Organization capitalizes all asset purchases with a useful life more than one year and a cost greater than \$500. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

Deferred Revenue

Deferred revenue consists primarily of ticket sales and fees for the upcoming season, as well as tuition and room and board for the Organization's summer intensive classes held in the summer subsequent to the fiscal year-end.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated among the programs and supporting services in reasonable ratios determined by management for salaries and depreciation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, the Organization is subject to income tax on unrelated business income.

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Organization recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more-likely-than-not to be sustained.

The Organization files a 990 Return of Organization Exempt from Income Tax and a 990-T Exempt Organization Business Income Tax Return to the U.S. Federal Government and an F-1120 Florida Corporate Income/Franchise Tax Return to the State of Florida.

Fair Value of Financial Instruments

The Organization follows current guidance on fair value measurements, which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

Advertising

The Organization expenses advertising costs in the period incurred. For the years ended May 31, 2025 and 2024, advertising costs totaled \$768,264 and \$850,281, respectively.

Reclassification

Certain prior year numbers have been reclassified for consistency with current year presentation.

NOTE 3. BOARD DESIGNATED CASH AND INVESTMENTS

The Board has designated a portion of the Organization's cash and investments which is available for certain emergencies and the deferred compensation plan. Below is a summary of the breakdown of cash for these items:

	<u>2025</u>	<u>2024</u>
Board designated		
Operations reserve, cash	\$ 546,215	\$ 646,215
Deferred compensation, investments	168,503	115,000
	<u>\$ 714,718</u>	<u>\$ 761,215</u>

NOTE 4. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for ticket sales and tuition, special events, investment income and a concentration of sponsorships received near fiscal year-end. The Organization manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via contributions, grants, and ticket revenue to cover operating expenditures not covered by donor-restricted resources, regular analysis of actual operating results versus budget and timing of annual endowment transfers.

The following table reflects the Organization's financial assets as of May 31, 2025 and 2024, which could be made available within 12 months to meet operating expenditures:

	<u>2025</u>	<u>2024</u>
Cash and equivalents	\$ 1,047,857	\$ 808,991
Grants receivable	95,925	115,595
Pledge contributions for operating expenditures due in one year or less	460,100	478,986
Bequest receivable	3,000,000	-
Investments	3,255,389	2,327,820
Financial assets available to meet operating expenditures	<u>\$ 7,859,271</u>	<u>\$ 3,731,392</u>

Although not listed in the table above, the Organization can access Board designated funds and the line of credit, subject to Board approval, to address operational needs.

NOTE 5. PLEDGE RECEIVABLES

Pledge receivables are due to be collected as follows at May 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Gross amounts due in		
One year	\$ 570,550	\$ 523,304
One to four years	-	121,454
Total pledge receivables	<u>\$ 570,550</u>	<u>\$ 644,758</u>

The Organization evaluates the collectability of its promises to give annually. Management believes all pledges are collectible as of May 31, 2025.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment for the years ended May 31, 2025 and 2024, consists of the following:

	2025	2024
Costumes and scenery	\$ 2,112,729	\$ 2,034,896
Management equipment	468,967	468,964
Production equipment	519,516	420,325
Vehicles	154,117	154,117
Website	185,000	185,000
Leasehold improvements	384,571	361,614
Total property and equipment	<u>3,824,900</u>	<u>3,624,916</u>
Less: accumulated depreciation	<u>(2,047,695)</u>	<u>(1,841,027)</u>
Net property and equipment	<u>\$ 1,777,205</u>	<u>\$ 1,783,889</u>

Depreciation expense was \$206,668 and \$226,133, for the years ended May 31, 2025 and 2024, respectively.

NOTE 7. INVESTMENTS

Investments for the years ended May 31, 2025 and 2024, consisted of the following:

	2025	2024
Money market funds	\$ 122,449	\$ 282,109
Mutual funds		
Equities	6,387,568	4,963,110
Fixed income	4,434,014	4,723,463
Pooled investments	<u>65,775</u>	<u>64,180</u>
	<u>\$ 11,009,806</u>	<u>\$ 10,032,862</u>

For the years ended May 31, 2025 and 2024, net investment income consisted of the following:

	2025	2024
Interest and dividends	\$ 296,489	\$ 308,671
Fees	(32,736)	(27,133)
Net realized/unrealized gains	<u>388,444</u>	<u>1,023,041</u>
	<u>\$ 652,197</u>	<u>\$ 1,304,579</u>

NOTE 8. LINE OF CREDIT

The Organization has an automatically renewing, revolving line of credit with a financial institution for \$500,000. The line bears interest at a floating rate per annum equal to 0.11% less than the rate of interest per annum established from time to time by the institution as its "Prime Rate". The rate was 7.39% for the year ending May 31, 2025. The line of credit is secured by the general assets of the Organization and matures in January 2026. There was no outstanding balance on the line of credit as of May 31, 2025 and 2024.

NOTE 9. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, (ASC 820) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the assets or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value into three broad levels as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include corporate or municipal bonds).

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds).

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to determine of fair value require significant management judgement (examples include certain private equity securities and hedge funds). Pooled separate accounts are valued at the unit value calculated based on the price of the underlying investment received from the fund manager.

NOTE 9. FAIR VALUE MEASUREMENTS (CONTINUED)

The following represents assets carried at fair value as of May 31, 2025 and 2024, by ASC 820 valuation hierarchy (as described above):

May 31, 2025				
Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 122,449	\$ -	\$ -	\$ 122,449
Equities	6,387,568	-	-	6,387,568
Taxable bonds/non-taxable bonds	1,569,455	2,864,559	-	4,434,014
Pooled investment	65,775	-	-	65,775
Total assets at fair value	<u>\$ 8,145,247</u>	<u>\$ 2,864,559</u>	<u>\$ -</u>	<u>\$ 11,009,806</u>

May 31, 2024				
Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 282,109	\$ -	\$ -	\$ 282,109
Equities	4,963,110	-	-	4,963,110
Taxable bonds/non-taxable bonds	1,640,679	3,082,784	-	4,723,463
Pooled investment	64,180	-	-	64,180
Total assets at fair value	<u>\$ 6,950,078</u>	<u>\$ 3,082,784</u>	<u>\$ -</u>	<u>\$ 10,032,862</u>

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS - TIME OR PURPOSE

Net assets with donor restrictions for time or purpose for the years ended May 31, 2025 and 2024, are available for the following programs or uses:

	2025	2024
Operations - Time restricted for 2025/2026 Season	\$ 1,016,916	\$ 1,091,451
Live Music Program	161,472	205,057
Touring	373,653	675,785
Community Engagement	-	49,844
School	6,150	-
Dance the Next Generation	308,711	155,793
Summer Intensive	5,500	-
Capital Projects	245,010	292,394
Community Foundation:		
Dance the Next Generation	32,965	27,450
Operating	32,810	27,984
	<u>\$ 2,183,187</u>	<u>\$ 2,525,758</u>

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS – TIME OR PURPOSE (CONTINUED)

Net assets with donor restrictions for time or purpose are included in the statements of financial position for the years ended May 31, 2025 and 2024, as follows:

	2025	2024
Cash	\$ 624,932	\$ 664,378
Investments	987,705	1,216,622
Pledge receivables	570,550	644,758
	<u>\$ 2,183,187</u>	<u>\$ 2,525,758</u>

Net assets were released from donor restrictions during fiscal years 2025 and 2024, by incurring expenses satisfying the restricted purpose specified by the donors.

	2025	2024
Operations - Time restricted for 2024/2025 season	\$ 975,761	\$ 791,219
Live Music Program	221,083	139,949
Touring	581,672	-
Community Engagement	58,544	3,707
Conservatory	41,753	129,198
Buiding the Future	-	33,275
Nutcracker	43,208	41,650
Dance the Next Generation	300,005	322,624
Retirement	15,000	15,000
School	84,536	90,980
Capital Projects	47,384	-
Community Foundation:		
Dance the Next Generation	1,310	2,699
Operating	1,282	1,314
	<u>\$ 2,371,538</u>	<u>\$ 1,571,615</u>

NOTE 11. ENDOWMENTS

The Organization has endowment funds established for the needs of the Organization. The endowments include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. These endowments are managed by the investment committee, which is a subcommittee of the Board of Trustees.

Endowment funds consist of the following:

Sarasota Ballet of Florida Live Music Endowment Fund – This fund is to support the live music to accompany classically oriented ballet performances in Sarasota County and Manatee County, Florida. The Organization has unrestricted use of the interest income.

Sarasota Ballet Endowment Fund – This fund is to support long range planning, special artistic projects and provide operational stability. The endowment allows for an annual draw of up to 5% of the market value. This percentage may be increased or decreased at the discretion of the Board of Trustees.

Interpretation of Relevant Law

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the perpetual corpus to be maintained at fair value. Any portion of the endowment, including investment income, which is not classified as with donor restrictions-perpetual, is to be classified as with donor restrictions-time or purpose until it is appropriated for expenditure.

As a result of this interpretation, the Organization classifies with donor restrictions-perpetuity: (1) the original value of the gift donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions-perpetual is classified as net assets without donor restrictions-time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. These funds are maintained in an investment account.

NOTE 11. ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of May 31, 2025 and 2024, consists of the following:

May 31, 2025				
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 146,472	\$ 678,332	\$ 824,804
Board designated endowment funds	6,644,064	-	-	6,644,064
	<u>\$ 6,644,064</u>	<u>\$ 146,472</u>	<u>\$ 678,332</u>	<u>\$ 7,468,868</u>

May 31, 2024				
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 187,437	\$ 639,986	\$ 827,423
Board designated endowment funds	5,785,399	-	-	5,785,399
	<u>\$ 5,785,399</u>	<u>\$ 187,437</u>	<u>\$ 639,986</u>	<u>\$ 6,612,822</u>

Changes in the endowments by net asset class for the years ended May 31, 2025 and 2024, are as follows:

May 31, 2025				
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetual	
Balance June 1, 2024	\$ 5,785,399	\$ 187,432	\$ 639,986	\$ 6,612,817
Contributions	500,000	-	-	500,000
Withdrawal	-	(60,000)	-	(60,000)
Transfer	(20,191)	-	-	(20,191)
Dividends and interest	162,293	19,040	-	181,333
Unrealized gain	236,259	-	38,346	274,605
Investment fees	(19,696)	-	-	(19,696)
Ending balance May 31, 2025	<u>\$ 6,644,064</u>	<u>\$ 146,472</u>	<u>\$ 678,332</u>	<u>\$ 7,468,868</u>

May 31, 2024				
	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	Perpetual	
Balance June 1, 2023	\$ 4,833,621	\$ 168,881	\$ 550,794	\$ 5,553,296
Contributions	250,000	-	-	250,000
Dividends and interest	140,333	18,551	-	158,884
Realized loss	-	-	-	-
Unrealized (loss)	577,587	-	89,192	666,779
Investment fees	(16,142)	-	-	(16,142)
Ending balance May 31, 2024	<u>\$ 5,785,399</u>	<u>\$ 187,432</u>	<u>\$ 639,986</u>	<u>\$ 6,612,817</u>

NOTE 11. ENDOWMENTS (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of May 31, 2025 and 2024.

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as Board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to meet or exceed the following objectives: (1) exceed the compound annual return of a "risk-free" portfolio, (2) achieve competitive investment results that meet or exceed a market index agreed upon by the investment committee, and (3) provide consistent investment returns.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity or equity-like investments to achieve its long-term objectives within prudent risk constraints. Other asset classes may be added to enhance returns, reduce volatility through diversification and offer broader investment opportunity set. These may include but not be limited to domestic equity, domestic fixed income, international equity, international fixed income, alternative assets and cash.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Policy establishes a percentage rate payout of the various funds total return without distinction between income and capital gains. The Investment Committee shall consider the percentage of the market value of the investment accounts in the funds to be allocated to expenses for the upcoming fiscal year. This is subject to annual review and is set so as to reasonably ensure the funds do not diminish in real value. Minimum and maximum asset allocation limits and strategic ranges for each asset class have been established to control risk and allow funds to grow.

NOTE 12. COMMUNITY FOUNDATION OF SARASOTA COUNTY, INC.

The Organization has two agency investments held with the Community Foundation of Sarasota County, Inc. The Community Foundation manages these assets as part of a pooled investment account and is responsible for any decisions to appropriate portions of this fund to the Organization. The Organization receives the sole right of benefit to the original investment and income payment streams from the earnings of the fund. As of May 31, 2025 and 2024, the balance included in investments on the statement of financial position was \$65,775 and \$55,434, respectively. Fees related to the administration of the fund paid by the Organization were \$50 and \$56, for the years ended May 31, 2025 and 2024, respectively.

The Organization has a designated fund held at the Community Foundation of Sarasota County for the Margaret Barbieri Conservatory Program which was established in 2019. This fund is used to provide an annual scholarship of no less than \$7,500 to a senior level dancer for participation in the program. Monies received from this fund are recorded as public support in the statement of activities. As of May 31, 2025 and 2024, the balance in the fund was \$201,635 and \$190,834, respectively. For the years ended May 31, 2025 and 2024, a scholarship of \$7,603 and \$7,849, respectively, was awarded to a recipient.

NOTE 13. LEASE COMMITMENTS

Operating leases recognized in the financial statements.

The Organization entered into a ten-year lease agreement for the Dance the Next Generation program and the Margaret Barbieri Conservatory that will expire in February 2032. The monthly base rent is \$16,254 and has annual rent escalation of 3%. This is a related party lease.

The Organization entered into a nine-year lease agreement for additional studio space that will expire February 2032. The monthly base rent is \$8,195 and has annual rent escalation of 8%. This is a related party lease.

The Organization entered into a ten-year lease agreement for dance studio space for the school. The lease expires on September 30, 2028. Monthly rent is \$3,333 and has rent escalation years two, three, and five.

The Organization entered into a three-year lease agreement for additional storage space. The lease expires in August 2025. Monthly rent is \$1,570 and has annual rent escalation of either 4%, or the official published CPI for the prior year, whichever is greater.

The Organization entered into a five-year lease agreement for a copier. The monthly base rent is \$178 and expires July 1, 2026.

The Organization entered into an eight-year lease for the use of a warehouse. The lease expires on November 30, 2032. Base monthly rent is \$8,542 in year one with a yearly rent escalation.

The Organization entered into a 36-month lease for a vehicle on May 30, 2025. The lease expires on May 29, 2028. Monthly rent is \$537 due on the first of each month.

NOTE 13. LEASE COMMITMENTS (CONTINUED)

At May 31, 2025, the weighted-average remaining lease term was 6.73 years, and the weighted-average discount rate was 6.24% for operating leases recognized in the financial statements.

The following table displays a maturity analysis of the undiscounted cash flows related to operating leases as of May 31, 2025, along with a reconciliation to the discounted amount recorded on the state of financial position:

Year ending May 31:		
2026	\$	472,604
2027		483,667
2028		497,238
2029		477,656
2030		478,253
Thereafter		964,135
Total undiscounted lease payments		<u>3,373,553</u>
Less: imputed interest		<u>632,473</u>
Net lease liability	\$	<u><u>2,741,080</u></u>

Other leases not recognized in the financial statements.

The Organization entered into a lease agreement with Florida State University to lease a portion of the Florida State University Center for the Performing Arts. The rent is \$1 per year due on the first of July each year. The lease expires the sixth day of October 2042. The landlord will make its best good faith effort to extend the lease to the sixth day of October 2091. The Organization can terminate the lease at any time during the current term with a 90-day written notice.

The Organization rents theater space for dance performances at two separate locations. These rental agreements are negotiated per performance and each performance has its own separate rental terms.

Total rent expense included in operations for the years ended May 31, 2025 and 2024, was \$710,530 and \$542,668, respectively.

NOTE 14. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets are recorded at fair value in revenue when the item or service is provided, and a corresponding expense or asset recognized at the same time. Contributions of nonfinancial assets consisted of the following for the years ended May 31:

	<u>Program or Support</u>	<u>2025</u>	<u>2024</u>
Legal services	Administration	\$ 1,390	\$ 7,205
Printing and advertising	Ballet company	215,000	229,097
Goods and services	Ballet company	6,125	9,117
Hospitality food	Fundraising	46,942	39,839
		<u>\$ 269,457</u>	<u>\$ 285,258</u>

NOTE 15. DEFERRED COMPENSATION

The Organization established a nonqualified deferred compensation plan for key management and highly compensated employees. This plan is an unfunded plan that operates under Section 457(b) of the Internal Revenue Code. Participants may elect to defer a portion of their regular salary or cash bonus. The employer may make a discretionary contribution as a percentage of compensation or a flat amount. As of May 31, 2025 and 2024, the employer made a contribution to the plan of \$20,000. For the years ended May 31, 2025 and 2024, the deferred compensation balance was \$168,503 and \$115,000, respectively. All employee and employer contributions are 100% vested at time of deposit.

NOTE 16. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 2, 2025, the date which the financial statements were available to be issued.

A lease was executed for additional space at 500 Tallevast Rd, which will serve as an expansion of the education facilities. The lease is for a period of seven-years with the lease maturing on September 30, 2032. Annual rent is \$87,178 and is subject to annual escalations on the lease anniversary commencement date.