

SARASOTA BALLET OF FLORIDA, INC.
FINANCIAL REPORT
MAY 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Sarasota Ballet of Florida, Inc. (a non-profit organization) which comprise the statement of financial position as of May 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Bradenton, Florida
November 16, 2017

SARASOTA BALLET OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2017

ASSETS	
Current assets	
Cash	\$ 1,352,604
Investments, at fair value	3,081,593
Accounts receivable	215,424
Prepaid expenses	<u>208,871</u>
Total current assets	<u>4,858,492</u>
Property and equipment, net of accumulated depreciation	1,079,228
Prepaid expenses, long term license fees	76,734
Other assets	<u>5,625</u>
TOTAL ASSETS	<u><u>\$ 6,020,079</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 62,616
Accrued expenses	60,289
Deferred revenue	<u>704,104</u>
Total current liabilities	<u>827,009</u>
Net Assets	
Unrestricted	2,587,070
Temporarily restricted	1,996,208
Permanently restricted	<u>609,792</u>
Total net assets	<u>5,193,070</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,020,079</u></u>

See notes to the financial statements.

SARASOTA BALLET OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

Changes in unrestricted net assets	
Revenues	
Ticket sales	\$ 1,961,240
Tuition and school revenues	486,965
Fundraising revenues	208,489
Program book revenues	83,607
Investment return, net	123,096
FSB revenues	42,161
Rental income	42,462
Other income	383,289
	3,331,309
Public support	
Contributions - in kind	359,040
Contributions	2,782,058
	3,141,098
Governmental support	
	213,208
Total unrestricted revenues and support	6,685,615
Functional expenses	
Program services	
Company production and touring	4,990,418
School	302,697
Margaret Barbieri Conservatory	292,847
Dance the Next Generation	325,578
Summer programs	229,724
Supporting Services	
Management and general	486,219
Fundraising	730,952
	7,358,435
Total functional expenses	7,358,435
Net assets released from restrictions	686,679
Increase in unrestricted net assets	13,859
Changes in temporarily restricted net assets	
Contributions	1,538,485
Write off of pledge receivable	(500,000)
Return of pledge received	(400,000)
Investment return, net	47,092
Net assets released from restrictions	(686,679)
	(1,102)
Decrease in temporarily restricted net assets	(1,102)
Changes in permanently restricted net assets	
Investment return, net	9,792
	9,792
Change in net assets	22,549
Net assets, beginning of year	5,170,521
Net assets, end of year	\$ 5,193,070

See notes to the financial statements.

**SARASOTA BALLET OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2017**

	Program Services						Supporting Services			Total Program and Supporting Services
	Production and Company	School	Margaret Barbieri Conservatory	Dance the Next Generation	Summer Programs	Total Program Expenses	Management and General	Fundraising		
Salaries and benefits	\$ 2,550,160	225,763	152,733	159,277	97,635	3,185,568	273,542	206,612		3,665,722
Professional services and fees	97,603	-	580	-	-	98,183	33,870	3,968		136,021
Office expense	8,348	3,435	7,574	19,416	639	39,412	96,266	3,985		139,663
Telephone	5,553	1,600	1,854	2,557	300	11,864	9,865	850		22,579
Postage and shipping	53,197	6	283	-	606	54,092	2,683	30,520		87,295
Rental and maintenance	194,817	28,508	82,554	65,349	1,588	372,816	4,825	5,617		383,258
Advertising and marketing	448,960	18,745	7,114	1,257	40,197	516,273	770	63,821		580,864
Travel	274,836	1,049	2,719	2,401	4,539	285,544	7,013	71,412		363,969
Dues and subscriptions	1,450	2,488	1,310	-	-	5,248	6,708	275		12,231
Insurance	2,520	-	-	7,716	-	10,236	21,252	-		31,488
Miscellaneous	11,924	2,036	1,300	972	1,570	17,802	2,359	13,719		33,880
Live music	312,576	-	280	-	605	313,461	-	6,095		319,556
Costumes and sets	105,562	10,885	4,455	18,357	-	139,259	-	1,313		140,572
Box office expense	38,573	-	-	-	-	38,573	50	148		38,771
Shoe expense	101,733	-	-	-	-	101,733	-	-		101,733
Catering and refreshments	3,176	248	-	11,712	-	15,136	-	244,519		259,655
Scholarships	-	-	-	28,020	-	47,630	-	-		47,630
Contracted services	472,818	1,137	5,372	1,790	1,916	483,033	-	61,321		544,354
License fees and royalties	141,175	43	43	-	-	141,261	-	1,580		142,841
Room and board	-	-	-	-	75,063	75,063	-	-		75,063
Friends of Ballet expenses	45,809	-	-	-	-	45,809	-	-		45,809
Physical therapy and medical expenses	16,628	-	-	-	-	16,628	-	-		16,628
Total expenses before depreciation	4,887,418	295,943	287,781	318,824	224,658	6,014,624	459,203	715,755		7,189,582
Depreciation	103,000	6,754	5,066	6,754	5,066	126,640	27,016	15,197		168,853
Total expenses	\$ 4,990,418	302,697	292,847	325,578	229,724	6,141,264	486,219	730,952		7,358,435

See notes to the financial statements.

SARASOTA BALLET OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2017

Cash flows from operating activities	
Change in net assets	\$ 22,549
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	168,853
Realized and unrealized gain on investments	(160,361)
Loss on disposal of assets	5,640
Write off of pledge receivable	500,000
Change in operating assets and liabilities	
Accounts receivable	(98,698)
Pledge receivable	40,000
Prepaid expenses	(23,532)
Other assets	1,819
Accounts payable	11,988
Accrued expenses	(6,581)
Deferred revenue	(196,106)
Net cash provided by operating activities	<u>265,571</u>
Cash flows from investing activities	
Purchase of property and equipment	(77,599)
Purchase of investments	(19,004)
Net cash used in investing activities	<u>(96,603)</u>
Net increase in cash	168,968
Cash, beginning of year	<u>1,183,636</u>
Cash, end of year	<u><u>\$ 1,352,604</u></u>

See notes to the financial statements.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE A – 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 B – 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 three classes: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets.

Net assets of the two restricted classes 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 the unrestricted class.

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.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE B – 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.

Pledges Receivable

Pledges made by donors are initially considered to temporarily restricted and become unrestricted upon satisfaction of such restriction, which is typically a stipulated time restriction or purpose restriction.

Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible receivables. As of May 31, 2017, all receivables are considered fully collectible.

Contributions

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 either temporarily or permanently restricted support 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), temporarily restricted net assets are reclassified as unrestricted net assets 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 unrestricted support. All promises to give that are due within the next twelve months are considered fully collectible by management.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 twenty 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 program book advertising for the upcoming season, as well as tuition for the Organization Summer Intensive classes held in the summer subsequent to the fiscal year end May 31, 2017.

Donated services

During the year ended May 31, 2017, the value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these tasks do not meet the requirements for recognition.

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.

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. For the year ended May 31, 2017, the Organization incurred no income tax expense.

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.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has adopted FASB's fair value measurement and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

Advertising

The Organization expenses advertising costs in the period incurred. For the year ended May 31, 2017, advertising costs totaled \$580,864

NOTE C – PLEDGES RECEIVABLE

During the year ended May 31, 2017, the Organization determined at this time it would be unable to fulfill a donor imposed restriction to build a new studio. Therefore, a pledge that was established in a prior year was written off. The cumulative effect of this pledge receivable write-off resulted in a reduction of ending net assets in the amount of \$500,000.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment for the year ended May 31, 2017, consists of the following:

Costumes and scenery	\$ 974,132
Production equipment	382,079
Management equipment	342,855
Vehicles	131,046
Website	<u>67,000</u>
Total property and equipment	1,897,112
Less: accumulated depreciation	<u>(817,884)</u>
Net property and equipment	<u>\$ 1,079,228</u>

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE E – INVESTMENTS

Investments for the year ended May 31, 2017, consists of the following:

Money market funds	\$ 460,844
Mutual Funds	
Equities	1,077,419
Fixed Income	1,493,175
Pooled investments	<u>50,155</u>
	<u>\$ 3,081,593</u>

During the year ended May 31, 2017, net investment income consisted of the following:

Interest and dividends	\$ 40,022
Fees	(20,403)
Net realized gain	3,454
Net unrealized gain	<u>156,907</u>
	<u>\$ 179,980</u>

NOTE F – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FSB) 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);

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE F -- FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The following represents assets carried at fair value as of May 31, 2017, by ASC 820 valuation hierarchy (as described above):

Description	Level 1	Level 2	Level 3	Total
Money markets	\$ 460,844	-	-	460,844
Mutual funds				
Equities	1,077,419	-	-	1,077,419
Fixed income	592,637	900,538	-	1,493,175
Pooled Investment	45,696	-	4,459	50,155
Total assets at fair value	<u>\$ 2,176,596</u>	<u>900,538</u>	<u>4,459</u>	<u>3,081,593</u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the year ended May 31, 2017, are available for the following programs or uses:

Live Music Program	\$ 721,177
Operations 2017-2018	82,297
Touring	854,465
Building the Future	288,114
Community Foundation:	
Dance the Next Generation	27,717
Operating	22,438
Total temporarily restricted net assets	<u>\$ 1,996,208</u>

Temporarily restricted net assets are maintained in cash, money market and investment accounts.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE H – ENDOWMENT

The Organization’s endowment consists of funds established for a variety of purposes from donor-restricted funds. 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 Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. This endowment is managed by the investment committee which is a subcommittee of the finance committee and appointed by the Finance Chair.

Interpretation of Relevant Law

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the corpus to be maintained at fair value. Any portion of the endowment, including investment income, which is not classified as permanently restricted net assets, is to be classified as temporarily restricted net assets until it is appropriated for expenditure.

As a result of this interpretation, the Organization classifies as permanently restricted net assets: (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. These funds are maintained in an investment account.

Endowment net asset composition by type of fund as of May 31, 2017, consists of the following:

	Unretracted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	262,702	609,792	872,494

Changes in the endowment by net asset class for the year ended May 31, 2017, are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance June 1, 2016	\$ 219,760	600,000	\$ 819,760
Dividends and interest	9,541	-	9,541
Change in market value	36,441	10,592	47,033
Investment fees	(3,040)	(800)	(3,840)
Ending Balance May 31, 2017	\$ 262,702	609,792	\$ 872,494

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE H – ENDOWMENT (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, 2017.

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 agency funds. Under this policy, as approved by the Board of Directors, 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.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE I – 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.

NOTE J – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during fiscal year 2017 by incurring expenses satisfying the restricted purpose specified by donees.

NOTE K – LEASE COMMITMENTS

On July 1, 1996, 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.

NOTE L – RELATED PARTY LEASES

The Organization has a lease agreement with a member of the Board of Directors, to provide space for the Dance the Next Generation program and the Margaret Barbieri Conservatory. Rental expense related to this lease was \$107,888 for the year ended May 31, 2017.

Future minimum lease payments are as follows:

Year ending May 31:		
2018	\$	111,395
2019		114,736
2020		118,178
2021		121,724
2022		125,375
Thereafter		399,149
Total future minimum lease payments	\$	<u>990,557</u>

NOTE M – CONTRIBUTIONS IN-KIND

Contributions in-kind 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. The Organization received in-kind contributions for rental space and advertising. The total amount of in-kind recognized for the year ended May 31, 2017, was \$359,040.

SARASOTA BALLET OF FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE N – SETTLEMENT GAIN

The Organization received a financial settlement during the year ended May 31, 2017, related to the British Petroleum oil spill. The net settlement amount was \$327,129, which consisted of the total settlement of \$383,289 less amounts due to others \$56,160.

No further amounts are expected to be collected in relation to this settlement.

NOTE O – RECENTLY ISSUED ACCOUNTING STANDARDS

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update require changes to the way not-for-profit entities present their financial statements.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted. Management is currently evaluating the effects of ASU 2016-14.

NOTE P – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 16, 2017, the date which the financial statements were available to be issued.

In July 2017 the Organization entered into a 5 year lease, with automatic rolling 36 month lease extension periods thereafter. Initial rent will be \$1,050 per month with an automatic 2% per annum rent escalation or the official published Consumer Price Index for the prior year, whichever is greater up to a maximum of 3%.