SALT LAKE COUNTY

APPLICATION FOR CONTRIBUTION

NAME OF ORGANIZATION: Ballet West

ADDRESS: 52. W 200 S.

CITY: Salt Lake City STATE: UT ZIP CODE: 84101

CONTACT PERSON: Michael Scolamiero PHONE NUMBER: 801-869-6905 EMAIL: mscolamiero@ball

ORGANIZATION OVERVIEW (which could include mission, history, and demographics served):

Ballet West inspires and empowers a broad community locally and globally through exposure, training, and education on the art of ballet.

TYPE OF REQUEST: Money X In-Kind ____

Have you previously requested money from SLCo? Yes

If yes, when and how much (previous three years)? 2018, 2019, 2020 $1MM+

What is the amount of your request? $ 30,500.00

The amount you are requesting is 0.00% of your annual agency budget.

What is the purpose of the money you are requesting?:

Repairs to the sprung dance floors in the two fourth floor company dance floors in the Jessie Eccles Quinney Dance Centre. Since the Ballet Center was completed in November of 2014 an issue with the sprung floor has arisen in which soft spots are forming in multiple locations throughout the floor. These soft spots have the potential to cause serious injury to the Ballet

PLEASE ATTACH:

- ☐ **Copy of organizations nonprofit status.**
- ☐ **Copy of independent audit. If you do not have one, please enclose a copy of current financial statements.**

You will be expected to report to the Salt Lake County Mayor on how the money was used and the success of the project.

The undersigned hereby acknowledges that he or she has authority to bind the organization listed in the application. The applicant accepts the following terms and conditions as a condition of receiving and using County funds or the waiver of fees: County funds will be used solely for the purposes approved by the Mayor of Salt Lake County as applied for in this application. Any expenditure for purposes other than those approved will require a return of the entire grant amount and may disqualify the grantee from receiving any additional County funds. It is further understood that no grant fund will be made available to any County officer of employee or in violation of the requirements of the Public Employees Ethics Act (67-16-1 et seq.). No grant funds will be used for political or campaign purposes. As a further condition of the grant, all County funds may be subject to an audit as required by Salt Lake County. The applicant is required to complete the Disbursement of Funds Report Form for contributions more than $2,500.

Dated this 19 day of Sep, 2019. Applicant Michael Scolamiero

Internal Revenue Service

District
Director

Department of the Treasury

300 N. Los Angeles Street, MS 7043
Los Angeles, CA 90012

Person to Contact:
L BARRAGAN
Telephone Number:
(213) 894-2336
Refer Reply to:
EO(0930)98
Date:
OCTOBER 2, 1998

EIN: 87-0264274

BALLET WEST
50 WEST 200 SOUTH
SAL LAKE CITY, UTAH 84101-1642

Dear Taxpayer:

This letter is in response to your request for a copy of the determination letter for the above named organization.

Our records indicate this organization was recognized to be exempt from Federal Income Tax in OCTOBER 1963 as described in Internal Revenue Code Section 501(c)(3). It is further classified as an organization that is not a private foundation as defined in Section 509(a) of the Code, because it is an organization described in Section 170(b)(1)(A)(vi).

The exempt status for the determination letter issued in OCTOBER 1963 continues to be in effect.

If you need further assistance, please contact our office at the above address or telephone number.

Sincerely,

L. Barragan

Disclosure Assistant

Ballet West

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2018 and 2017

Larson

CERTIFIED PUBLIC ACCOUNTANTS

BALLET WEST

CONTENTS

Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Ballet West

We have audited the accompanying financial statements of **Ballet West** (the "Ballet"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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 **Ballet West** as of June 30, 2018, 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.

Prior Period Summarized Financial Information

The financial statements of **Ballet West** as of June 30, 2018, include June 30, 2017 prior year information which is presented in a summarized form. The June 30, 2017 financials were audited by other auditors whose report dated November 20, 2017, expressed an unmodified opinion on those statements.

Larson & Company PC

Salt Lake City, Utah
December 10, 2018

Larson & Company
9065 South 1300 East, Salt Lake City, Utah 84094
Main: (801) 313-1900 | Fax: (801) 313-1912
www.larsco.com

BALLET WEST

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 with Summarized Information for 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	Summarized 2017 Totals
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ (180,811)	$ 519,008	$ -	$ 338,197	$ 485,955
Certificates of deposit	35,405	-	-	35,405	35,341
Accounts receivable, net	43,348	-	-	43,348	11,434
Promises to give, current portion	7,427	427,435	-	434,862	606,915
Agency receivables	500,000	-	-	500,000	500,000
Prepaid and deferred expenses	690,694	-	-	690,694	678,914
TOTAL CURRENT ASSETS	1,096,063	946,443	-	2,042,506	2,318,559
Agency receivables, net of current portion	1,509,902	-	-	1,509,902	2,503,510
Promises to give, net of current portion	-	752,865	-	752,865	464,495
Property and equipment, net	4,342,935	-	-	4,342,935	3,341,498
Goodwill and other intangibles, net	313,567	-	-	313,567	329,996
Interest in charitable remainder annuity trust	46,038	-	-	46,038	55,448
Interest in perpetual trust	-	-	411,343	411,343	431,704
Cash and investments in endowment	30,746	-	1,724,208	1,754,954	1,649,867
TOTAL ASSETS	$ 7,339,251	$ 1,699,308	$ 2,135,551	$ 11,174,110	$ 11,095,077
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 946,619	$ -	$ -	$ 946,619	$ 485,997
Accrued liabilities	269,159	-	-	269,159	287,432
Deferred revenue	1,738,908	-	-	1,738,908	2,032,224
Deferred rent	86,314	-	-	86,314	71,456
Line of credit	1,532,074	-	-	1,532,074	605,402
Accrued interest on notes payable	395,003	-	-	395,003	325,896
Notes payable, current portion	57,786	-	-	57,786	-
Annuity obligation, current portion	7,556	-	-	7,556	952
TOTAL CURRENT LIABILITIES	5,033,419	-	-	5,033,419	3,809,359
Notes payable, net of current portion	2,542,235	-	-	2,542,235	3,130,693
Annuity obligation, net of current portion	17,287	-	-	17,287	-
TOTAL LIABILITIES	7,592,941	-	-	7,592,941	6,940,052
NET ASSETS					
Unrestricted	(253,690)	-	-	(253,690)	(138,749)
Temporarily restricted	-	1,699,308	-	1,699,308	2,137,862
Permanently restricted	-	-	2,135,551	2,135,551	2,155,912
TOTAL NET ASSETS	(253,690)	1,699,308	2,135,551	3,581,169	4,155,025
TOTAL LIABILITIES AND NET ASSETS	$ 7,339,251	$ 1,699,308	$ 2,135,551	$ 11,174,110	$ 11,095,077

See Notes to Financial Statements

BALLET WEST

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2018 with Summarized Information for 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	Summarized 2017 Totals
REVENUES, SUPPORT, AND OTHER INCOME AND LOSSES					
Admission and performance fees	$ 4,072,975	$ -	$ -	$ 4,072,975	$ 3,573,981
Tuition, rental revenues, and merchandise	4,096,319	-	-	4,096,319	3,615,319
Grants and contributions	4,342,635	1,220,300	-	5,562,935	6,633,602
Special events (less direct benefit to donors of $30,480 in 2018 and $80,779 in 2017)	50,973	-	-	50,973	82,869
Interest and dividends	29,168	-	-	29,168	26,682
Net unrealized gain on cash and investments in endowment	94,049	-	-	94,049	115,079
Net unrealized gain in interest in charitable annuity remainder trust	132	-	-	132	1,055
Net loss on change in annuity obligation	(30,804)	-	-	(30,804)	-
Net unrealized loss in interest in perpetual trust	-	-	(20,361)	(20,361)	(71,617)
Other income	1,214	-	-	1,214	48,487
TOTAL REVENUES, SUPPORT, AND OTHER INCOME AND LOSSES	12,656,661	1,220,300	(20,361)	13,856,600	14,025,457
SATISFACTION OF RESTRICTIONS	1,658,854	(1,658,854)	-	-	-
TOTAL REVENUES, SUPPORT, AND OTHER INCOME AND LOSSES AND SATISFACTION OF RESTRICTIONS	14,315,515	(438,554)	(20,361)	13,856,600	14,025,457
EXPENSES					
Programs					
Performance and artistic	9,103,647	-	-	9,103,647	8,302,800
Academy	2,958,417	-	-	2,958,417	3,071,078
Education	257,945	-	-	257,945	253,761
General and administrative	1,415,133	-	-	1,415,133	1,397,506
Fundraising	626,206	-	-	626,206	828,793
TOTAL EXPENSES	14,361,348	-	-	14,361,348	13,853,938
INCREASE (DECREASE) IN NET ASSETS BEFORE INTEREST EXPENSE - CAPITAL CAMPAIGN	(45,833)	(438,554)	(20,361)	(504,748)	171,519
INTEREST EXPENSE - CAPITAL CAMPAIGN	69,108	-	-	69,108	157,462
INCREASE (DECREASE) IN NET ASSETS	(114,941)	(438,554)	(20,361)	(573,856)	14,057
NET ASSETS, BEGINNING OF YEAR	(138,749)	2,137,862	2,155,912	4,155,025	4,140,968
NET ASSETS, END OF YEAR	$ (253,690)	$ 1,699,308	$ 2,135,551	$ 3,581,169	$ 4,155,025

See Notes to Financial Statements

BALLET WEST

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 with Summarized Information for 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ (573,856)	$ 14,057
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	440,829	351,371
Amortization of discount on unconditional promises to give	(372)	(985)
Unrealized loss (gain) on interest in perpetual trust	20,361	71,617
Change in value of interest in charitable remainder annuity trust	(132)	(1,055)
Interest earned on certificates of deposit	(64)	(106)
Allowance for doubtful accounts	7,826	3,000
Amortization of intangible assets	16,429	16,428
Unrealized net gain on cash and investments in endowment	(94,049)	(115,079)
Change in annuity obligation	30,804	-
Decrease (increase) in operating assets:		
Accounts receivable, net	(31,914)	172,098
Promises to give	(123,771)	(447,417)
Prepaid and deferred expenses	(11,780)	(101,448)
Increase (decrease) in operating liabilities:		
Accounts payable	460,622	365,018
Accrued liabilities	(18,273)	90,997
Deferred revenue	(293,316)	379,685
Deferred rent	14,858	3,975
Accrued interest	69,107	157,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	(86,691)	959,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of cash and investments - restricted	(11,038)	(10,728)
Purchase of property and equipment	(1,442,266)	(1,556,917)
NET CASH USED IN INVESTING ACTIVITIES	(1,453,304)	(1,567,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	8,576,617	6,209,518
Payments on line of credit	(7,649,945)	(5,604,116)
Proceeds from charitable remainder annuity trust	2,629	11,927
Payments to beneficiary of charitable remainder annuity trust	-	(9,542)
Payments on notes payable	(530,672)	(549,096)
Borrowings on note payable	-	62,459
Payments on agency receivables	993,608	531,155
Payments on agency liabilities	-	(333,334)
Payments received on unconditional promises to give	-	56,634
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,392,237	375,605
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,758)	(232,422)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	485,955	718,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 338,197	$ 485,955
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 70,129	$ 28,906

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of activities – Ballet West (the "Ballet") is a 501(c) (3) nonprofit corporation that operates a dance company and ballet school. Established in 1963, Ballet West ranks among the premier professional ballet companies in the United States. The Ballet strives to bring new levels of excellence to ballet through innovative choreography, and to present balanced programs that represent a wide range of ballet styles and viewpoints. The Ballet currently presents more than 80 performances annually in Salt Lake City, Utah, and other communities in the intermountain region, as well as annual tours to domestic and international locations.

Basis of presentation – The Ballet reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted, based on the following criteria:

- **Unrestricted net assets** represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- **Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed purpose or time restrictions.
- **Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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 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 Ballet considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts and grants receivable and promises to give – Accounts and grants receivable and promises to give that are unconditional are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted.

(1) Summary of significant accounting policies (continued)

Promises to give due beyond one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using various interest rates applicable to the years and risk factors associated with the various promises to give. Discounts on promises to give that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are to be received.

Investments – Investments in equity and debt securities are measured at fair values in the statements of financial position to the extent such investments have quoted market values. Investments that do not have quoted market values are measured using alternative methods to estimate their fair values. Investments held by the Ballet include certificates of deposit and cash and investments held as an endowment. Interest income and unrealized gains and losses are included in the statement of activities.

Property and equipment – Acquisitions of property and equipment in excess of $500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. Contributions of property and equipment are considered unrestricted unless donors stipulate how long the assets must be used, in which case the contributions are recorded as restricted support. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by donation, at estimated fair value at the date of the donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

Depreciation and amortization are computed over the following estimated useful lives using the straight-line method:

Assets	Useful Lives
Props, scenery and costumes	5 - 20 years
Production equipment	5 - 20 years
Office furniture and equipment	3 - 10 years
Leasehold improvements	3 - 7 years

Long-lived assets – The Ballet reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets that are impaired are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present for the years ended June 30, 2018 or 2017.

(1) Summary of significant accounting policies (continued)

Goodwill and intangible assets - Goodwill and indefinite-lived intangibles are not amortized, but are evaluated for impairment annually or when indicators of a potential impairment are present. Impairment testing of goodwill is performed separately from impairment testing of indefinite-lived intangibles. The annual evaluation for impairment of goodwill and indefinite-lived intangibles is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans.

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Patents, technology and other intangibles with contractual terms are generally amortized over their respective legal or contractual lives. Customer relationships, brands and other non-contractual intangible assets with determinable lives are amortized over periods generally ranging from 5 to 30 years.

When certain events or changes in operating conditions occur, an impairment assessment is performed and the lives of intangible assets with determinable lives may be adjusted.

Endowment investment policy and objectives – Included in the endowment are cash and investment balances of $1,754,954 and interest in a perpetual trust established by a donor with the Ballet as the beneficiary (see Note 9). The balances for the endowment fund reside in investment accounts controlled by the Ballet. The perpetual trust is controlled and managed by the original donor.

The basic objectives of the Ballet's endowment investment program are, in order of priority (1) safety and preservation of the invested assets (2) liquidity of investments sufficient to meet current needs (3) optimum returns while diversifying risk (4) fiduciary control of all investments. The endowment fund is intended to provide support for the operations of the Ballet and is composed of permanently restricted contributions. The Board of Directors has established appropriate spending policies for the endowment.

Ticket revenue and deferred revenue – The revenue from performance fees and season tickets sold in advance of the annual season is deferred and recognized when the programs are held and over the season when the ballets are performed.

Contributions – Contributions are recorded as unrestricted, temporarily or permanently restricted support depending on the existence or nature of the donor restrictions. All unconditional unrestricted contributions are considered to be available for unrestricted use in the current accounting period. Temporarily restricted contributions which are received and satisfied in the same fiscal year are reported as unrestricted.

Other contributions restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of restrictions.

(1) Summary of significant accounting policies (continued)

In-kind contributions – In-kind donations of property, equipment, supplies and other goods and services are recorded as support at their estimated fair value on the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donated gifts for a specific purpose or period of time. Assets, goods and services donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when used or placed in service. In-kind contributions classified primarily as program and general and administrative expense are recorded in the financial statements at estimated fair value and totaled $673,000 and $674,000 for the years ended June 30, 2018 and 2017, respectively.

Included in the in-kind contributions are donated services which create or enhance non-financial assets; require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by volunteers. The services are recorded at fair value in the year they are provided. Professional services donated to the Ballet which meet these criteria totaled approximately $195,000 and $169,000 for the years ended June 30, 2018 and 2017, respectively.

Many individuals have donated significant amounts of time in providing organizational governance and resource development for the Ballet. No amounts have been reflected in the financial statements for this donated time as it does not meet the criteria for recognition.

Functional allocation of expenses –The costs of artistic production, the Academy and other programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to production and programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Ballet.

Advertising costs – Advertising costs are charged to expense when incurred. Advertising expense was $815,298 and $845,822 for the years ended June 30, 2018 and 2017, respectively.

Collective bargaining agreements – The Ballet's dancers, musicians and production staff (approximately 70% of employees) are covered by collective bargaining agreements. The agreements have varying expiration dates ranging from June 30, 2019 through June 30, 2021.

Income taxes – The Ballet qualifies as a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah tax regulations and therefore, is not subject to federal or state income taxes in connection with its activities. Accordingly, no provision has been made in the financial statements for federal or state income taxes. The Ballet has evaluated tax positions and believes it does not have and, accordingly, has not recorded a liability for any uncertain tax positions. The Ballet is subject to routine audits by taxing jurisdictions. There are no income tax audits in progress for any periods.

(1) Summary of significant accounting policies (continued)

Fair value of financial instruments – The Ballet has adopted the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The fair value hierarchy distinguishes between observable and unobservable inputs categorized in the following levels:

> Level 1 inputs are quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
>
> Level 2 inputs are prices for a similar asset, other than quoted market prices included within Level 1, that are observable for the asset, either directly or indirectly. If the asset has a specified term, a Level 2 input must be observable for substantially the full term of the asset.
>
> Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement dates.

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 need to maximize observable inputs and minimize the use of unobservable inputs.

(2) Prior year summarized financial information

The financial statements include certain prior year information presented on a summarized basis and not by net asset class. The information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. The information should be read in conjunction with the Ballet's audited financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

(3) Unconditional promises to give

Promises to give, which meet the definition of unconditional, consist primarily of pledges to programs and general operations. Promises to give due in more than one year are reflected at the present value of estimated future cash flows using various discount rates and consist of the following as of June 30:

	2018	2017
Amounts due:		
1 year or less	$ 496,256	$ 632,167
1 - 5 years	755,000	467,001
Thereafter	-	748
	1,251,256	1,099,916
Less: allowance for doubtful pledges	(61,394)	(26,000)
Less: unamortized discount	(2,135)	(2,506)
Unconditional promises to give, net	$ 1,187,727	$ 1,071,410

(4) Agency receivables and agency liabilities

Agency receivables consist of amounts pledged for naming rights for the Jessie Eccles Quinney Ballet Centre and the Janet Quinney Lawson Capitol Theatre (the "Project"). Under the Memorandum of Understanding for the Project, the donations for the naming rights to these buildings were stipulated as pass-through funding for the Project in written agreements between Salt Lake County, the donors and Ballet West. Pursuant to the agreements the funds are remitted to the Ballet and then transferred to Salt Lake County.

The Ballet has agency receivables outstanding of $2,009,902 and $3,003,510 as of June 30, 2018 and 2017, respectively, for amounts due from donors pertaining to these agreements. Estimated amounts due from donors in future years are as follows as of June 30, 2018:

Amounts due:	
1 year or less	$ 500,000
1 - 5 years	1,500,000
Thereafter	9,902
	$ 2,009,902

(5) Property and equipment

Property and equipment consisted of the following as of June 30:

	2018	2017
Props, scenery and costumes	$ 6,567,161	$ 4,182,506
Construction in progress	-	1,391,946
Production equipment	898,820	526,726
Office furniture and equipment	447,432	369,970
Leasehold improvements	156,151	156,151
Total cost of property and equipment	8,069,564	6,627,299
Accumulated depreciation and amortization	(3,726,629)	(3,285,801)
Net property and equipment	$ 4,342,935	$ 3,341,498

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 totaled $440,829 and $351,371, respectively.

(6) Goodwill and other intangibles

The Ballet acquired an existing ballet studio during February 2016 for $375,000 and recorded the fair value of the acquired assets, which include goodwill and other intangible assets that are subject to amortization (see Note 19). The Ballet completed an annual impairment test of goodwill as of June 30, 2018 and determined that there was no impairment.

The Ballet acquired an existing ballet studio during July 2014 for $250,000 and recorded the fair value of the acquired assets, which include goodwill and other intangible assets that are subject to amortization (see Note 19). The Ballet completed an annual impairment test of goodwill as of June 30, 2018 and determined that there was no impairment.

Goodwill and other intangibles were as follows as of June 30, 2018 and 2017:

	2018	2017
Goodwill	$ 237,710	$ 237,710
Other amortized intangibles:		
Customer lists and relationships	115,000	115,000
Less: accumulated amortization	(39,143)	(22,714)
	75,857	92,286
Goodwill and other intangibles, net	$ 313,567	$ 329,996

Amortization expense for the years ended June 30, 2018 and 2017 totaled $16,429 and $16,428, respectively.

(7) Cash and investments in endowment

The Ballet holds cash and investments in a permanently restricted endowment. As of June 30, 2018 and 2017, the balance in the endowment fund consists of cash and investments of $1,754,208 and $1,649,867, respectively.

(8) Interest in charitable remainder annuity trust

The Ballet is a beneficiary of a charitable remainder annuity trust in which the donor has contributed assets to the Ballet in exchange for a promise from the Ballet to pay the donor a fixed amount for a specified period of time. Assets received have been recognized at fair value, and an annuity payment liability has been recognized at the present value of the projected future cash flows. Temporarily restricted contribution revenue was recognized as the difference between these two amounts.

Under terms of the trust agreement, the Ballet has agreed to pay the donor an annuity equal to 9% of the initial fair market value of $106,016, payable in quarterly payments of $2,385. Upon execution of the agreement, the Ballet recognized an initial liability of $41,621 for estimated payments due to the donor based on life expectancy, and recorded contribution revenue of $64,395 for the year ended June 30, 2012. The Ballet's interest was recorded at the fair value of the net assets contributed to the trust. During the year ended June 30, 2018, the Ballet revised the initial liability based on life expectancy and recognized a liability of 31,756. See Note 12.

(9) Interest in perpetual trust

The Ballet is a beneficiary of a perpetual trust. The Ballet's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted. The fair value of the investments held by the trust was $411,343 and $431,704 as of June 30, 2018 and 2017, respectively. The recorded value of the interest in the trust is evaluated annually and the change in value is recognized in the statement of activities as a permanently restricted gain or loss. Unrealized losses on the interest in perpetual trust were $20,361 and $71,617 for the year ended June 30, 2018 and 2017, respectively. There were no distributions during the years ended June 30, 2018 and 2017.

(10) Line of credit

The Ballet has a $2,000,000 line of credit agreement with interest set at prime plus 0.74% (5.00% at June 30, 2018) on the outstanding balance. The line of credit is renewable annually and collateralized by outstanding pledges and investments. The outstanding balance on the line of credit was $1,532,074 and $605,402 as of June 30, 2018 and 2017, respectively. Interest expense on the line of credit was $60,836 and $19,433 for the years ended June 30, 2018 and 2017, respectively.

(11) Notes payable

Notes payable were as follows as of June 30:

	2018	2017
5% note payable to a foundation, periodic principal payments through 2023, all unpaid principal and accrued interest due December 2023. Secured by agency receivables.	$ 2,506,829	$ 3,006,829
Non-interest bearing note payable to an individual, discounted at imputed interest rate of 7%, periodic principal payments through 2018, all unpaid principal due December 2018. Secured by sets and costumes.	18,107	37,558
5% note payable to a foundation, annual principal payments of $125,000, with all unpaid principal and accrued interest due and payable at year end. Secured by agency receivables.	27,737	27,737
6.2% note payable to a financial institution, monthly payments of $1,213, all unpaid principal and accrued interest due February 2022. Secured by trailers.	47,348	58,569
	$ 2,600,021	$ 3,130,693

Estimated maturities of notes payable are as follows:

Years ending June 30,	
2019	$ 57,786
2020	512,703
2021	1,038,831
2022	548,995
2023	51,649
Thereafter	390,057
	$ 2,600,021

During October 2013, the Ballet borrowed $13,440,963 from four foundations which are long-term supporters of the Ballet. The funds secured with this debt were transferred to Salt Lake County in order to commence the building and remodel project on the Janet Quinney Lawson Capitol Theatre and the Jessie Eccles Quinney Ballet Centre. The debt is collateralized by the agency receivables secured to fund the Project. The repayment terms mirror the schedule of anticipated payments on the agency receivables.

(11) Notes payable (continued)

During June 2014, the Ballet acquired the assets of an existing ballet studio from an individual in exchange for a non-interest bearing note payable of $250,000 (see Note 19). The non-interest bearing note payable was discounted at imputed interest of 7% over the term of the note payable and was initially recorded at $222,454. As of June 30, 2018 and 2017, the amount outstanding on the note payable was $18,107 and $37,558, respectively.

(12) Annuity obligation

The Ballet is a beneficiary of a charitable remainder annuity trust (see Note 8). Upon execution of the agreement, the Ballet recognized an annuity payment liability of $41,621 for estimated payments due to the donor based on life expectancy and the present value of the future cash flows projected to be paid. During the year ended June 30, 2018, the annuity payment obligation was revised based on updated life expectancy. The annuity obligation has an outstanding balance of $24,843 and $952 as of June 30, 2018 and 2017, respectively.

Estimated payments under the annuity obligation are as follows:

Year ending June 30,	
2019	7,556
2020	8,259
2021	9,028
	$ 24,843

(13) Operating leases

The Ballet rents theatre, studio, office, warehouse, and costume production facilities under various leasing arrangements. The theatre and office spaces are rented on an annual basis, while warehouse space is rented on a month-to-month basis. Commitments under operating leases with terms in excess of one year are as follows:

Years ending June 30,	
2019	$ 459,528
2020	564,837
2021	546,227
2022	437,895
2023	298,511
Thereafter	1,605,604
Total minimum lease payments	$ 3,912,602

Total rent expense under operating leases with terms in excess of one year was $239,463 and $363,815 for the years ended June 30, 2018 and 2017, respectively.

(14) 401(k) plan

The Ballet sponsors two 401(k) plans. One plan covers employees, excluding certain employees covered under collective bargaining agreements, which are eligible to participate after six months of service. The Ballet makes discretionary matching or profit sharing contributions under the terms of the plan. There were no employer contributions to this plan for the years ended June 30, 2018 and 2017.

The Ballet also sponsors a plan for the dancers under terms of a collective bargaining agreement. The Ballet makes matching or profit sharing contributions under the terms of the plan. The Organization made matching and profit sharing contributions to the plan of $36,922 and $32,941 for the years ended June 30, 2018 and 2017, respectively.

(15) Temporarily restricted net assets

Temporarily restricted net assets comprised the unspent portion of various restricted donations, which are restricted due to time or purpose. As of June 30, 2018 and 2017, temporarily restricted net assets are as follows:

	2018	2017
Funds for use in future periods	$ 1,020,300	$ 765,800
New Nutcracker production	-	608,054
Orchestra	500,000	500,000
National Choreographic Festival	160,000	210,000
Other restrictions	19,008	54,008
	$ 1,699,308	$ 2,137,862

(16) Permanently restricted net assets

The permanently restricted net asset class is comprised of an interest in a perpetual trust and other permanently restricted endowment fund contributions. It is intended by the donors that returns from these funds provide a steady source of income to help cover operating costs. As of June 30, 2018 and 2017, permanently restricted net assets are as follows:

	2018	2017
Cash and investments in endowment	$ 1,724,208	$ 1,724,208
Interest in perpetual trust	411,343	431,704
	$ 2,135,551	$ 2,155,912

The fair value associated with donor restricted endowment funds may fall below the level that the donor or applicable state law requires the Ballet to retain as a fund of perpetual duration. Fund deficiencies of $74,341 were reported as unrestricted net assets as of June 30, 2017 (See Note 18). There were no deficiencies reported as of June 30, 2018.

(17) Fair value measurement of financial instruments

The Ballet applies the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value on a recurring basis.

The fair values of the financial instruments shown in the following table as of June 30, 2018 and 2017 represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Ballet's judgments about the assumptions that market participants would use in pricing the asset. Those judgments are based on the best information available including expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs.

There are three general valuation techniques that may be used to measure fair value as follows:

Market approach – uses prices and other relevant information from market transfers involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach – based on the amount that currently would be required to replace the service capacity of an asset.

Income approach – uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option pricing models).

Assets listed below are measured at fair value during the years ended June 30, 2018 and 2017 using the market approach. The following table sets forth by level, within the fair value hierarchy, the Ballet's financial instruments at fair value as of June 30:

2018

Description	Total	Level 1	Level 2	Level 3
Money market and cash equivalents	$ 69,027	$ 69,027	$ -	$ -
Mutual funds	2,066,374	2,066,374	-	-
Certificates of deposit	35,405	-	35,405	-
Other funds	30,896	-	-	30,896
June 30, 2018	$ 2,201,702	$ 2,135,401	$ 35,405	$ 30,896

(17) Fair value measurement of financial instruments (continued)

2017

Description	Total	Level 1	Level 2	Level 3
Money market and cash equivalents	$ 78,999	$ 78,999	$ -	$ -
Mutual funds	1,941,648	1,941,648	-	-
Certificates of deposit	35,341	-	35,341	-
Other funds	60,924	-	-	60,924
June 30, 2017	$ 2,116,912	$ 2,020,647	$ 35,341	$ 60,924

The Ballet's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, 2 or 3 for the years ended June 30, 2018 and 2017.

Assets measured at fair value using significant unobservable inputs (Level 3):

	Real Asset Holdings
Balance, July 1, 2016	$ 164,831
Net gains (realized and unrealized)	(92,237)
Net purchases, issuances, and settlements	
Purchases	-
Sales	(11,670)
Balance, June 30, 2017	60,924
Net losses (realized and unrealized)	(30,028)
Net purchases, issuances, and settlements	-
Balance, June 30, 2018	$ 30,896

The amount of net losses for the years ended June 30, 2018 and 2017, included in earnings attributable to the change in unrealized gains or losses relating to assets held at the reporting date were, $30,028 and $92,237, respectively.

(17) Fair value measurement of financial instruments (continued)

During fiscal year 2016, the Ballet invested the majority of the restricted cash held in the endowment in mutual funds. Components of investment return for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Investment return:		
Interest and dividends	$ 29,096	$ 26,547
Net realized/unrealized gain	94,049	115,079
Investment expenses	(18,058)	(15,819)
Total investment return	$ 105,087	$ 125,807

(18) Endowment

The Ballet's endowment consists of donor restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of relevant law – The Board of Directors and management of the Ballet have interpreted the law (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Ballet classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are expended by the Ballet in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Ballet considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) safety and preservation of the invested assets (2) liquidity of investments sufficient to meet current needs (3) optimum returns while diversifying risk (4) fiduciary control of all investments. As of June 30, 2018 and 2017, all endowment net assets were restricted.

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
Beginning of year	$ (74,341)	$ -	2,155,912	$ 2,081,571
Net gain on investments	94,049	-	(20,361)	73,688
Endowment net assets, End of year	$ 19,708	$ -	$ 2,135,551	$ 2,155,259

(18) Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
Beginning of year	$ (200,148)	$ -	$ 2,227,529	$ 2,027,381
Net gain (loss) on investments	125,807	-	(71,617)	54,190
Endowment net assets, End of year	$ (74,341)	$ -	$ 2,155,912	$ 2,081,571

Funds with deficiencies – From time to time, the fair value associated with individual donor restricted endowment funds may fall below the level that the donor or the applicable state law requires the Ballet to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were $74,341 as of June 30, 2017. These deficiencies resulted from unfavorable market fluctuations during the years ended June 30, 2009 and 2008. There were no deficiencies to report as of June 30, 2018.

The Board of Directors monitors investment policies. Spending policy, investment objectives, and distribution of endowment funds are subject to approval by the Board of Directors and are changed when deemed appropriate. There were no amounts appropriated for expenditure for the years ended June 30, 2018 or 2017.

(19) Purchase of ballet studios

During 2016, the Ballet acquired the assets of an existing ballet studio for $375,000. The assets acquired in the purchase were as follows:

Sets and costumes	$ 126,544
Goodwill	155,456
Customer lists and relationships	93,000
	$ 375,000

(19) Purchase of ballet studios (continued)

During 2014, the Ballet acquired the assets of an existing ballet studio in exchange for a non-interest bearing note payable of $250,000. Interest expense on the non-interest bearing note payable was imputed over the term of the note payable and the carrying value was initially recorded at $222,454, of which $18,107 and $37,558 is outstanding as of June 30, 2018 and 2017, respectively. The assets acquired in the purchase were as follows:

Sets and costumes	$ 118,200
Goodwill	82,254
Customer lists and relationships	22,000
	$ 222,454

(20) Concentrations of credit and market risk

The Ballet maintains its cash and cash equivalent balances at two financial institutions located in Salt Lake City, Utah. The deposits may exceed their federally insured limits of $250,000 established by the Federal Deposit Insurance Corporation. The Ballet has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

The Ballet had concentrations of unconditional promises to give over 10% with four donors as of June 30, 2018 and three donors as of June 30, 2017.

(21) Related party transactions

Board members made cash donations and pledges of approximately $328,000 and $192,000 for the years ended June 30, 2018 and 2017, respectively.

(22) Noncash disclosures

For the year ended June 30, 2018 the Ballet reduced the note payable and related agency receivable by $500,000 in accordance with the payee's instructions.

(23) Subsequent events

Subsequent events were evaluated by management through December 10, 2018, which is the date the financial statements were available to be issued.

In December of 2018 certain terms of the $2,506,829 note payable were changed by the foundation which had extended the loan to the Ballet. The new agreement included a change in the maturity date and schedule of payment amounts due under the note. The effects of this change are recorded in the financials and disclosed in Note 11.