



FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JULY 31, 2021



ARTISTS OF BALLET WEST | PHOTO BY BEAU PEARSON

PREPARED BY



BALLET WEST

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Independent Auditor's Report

To the Board of Directors
Ballet West

Report on the Financial Statements

We have audited the accompanying financial statements of **Ballet West** (a nonprofit organization), which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 July 31, 2021 and 2020, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2021, on our consideration of **Ballet West's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Ballet West's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Ballet West's** internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Larson & Company P.C.".

Salt Lake City, Utah
October 26, 2021

BALLET WEST
 Statements of Financial Position
 As of July 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,796,295	\$ 297,688
Certificates of deposit	35,756	35,703
Accounts receivable, net	535	8,649
Agency receivables, current	514,420	1,000,000
Promises to give, current	620,788	213,075
Prepaid and deferred expenses	514,847	445,645
Total current assets	4,482,641	2,000,760
Agency receivables, net of current portion	-	513,220
Promises to give, net of current portion	498,896	351,388
Property and equipment, net	4,175,640	4,039,134
Goodwill and other intangibles, net	263,174	279,341
Board stability investments	155,533	-
Deferred 457b investments	133,732	76,275
Interest in charitable remainder annuity trust	23,676	34,565
Investments in perpetual trust	747,511	473,339
Investments in endowment	2,567,777	1,989,343
Total assets	\$ 13,048,580	\$ 9,757,365
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 175,583	\$ 107,466
Accrued liabilities	568,232	549,407
Deferred revenue	697,933	915,973
Deferred rent	105,818	132,439
Refundable advance	1,477,000	1,686,752
Line of credit	-	605,843
Accrued interest on notes payable	335,076	377,170
Notes payable, current	548,126	1,038,903
Annuity obligation, current	24,844	9,028
Total current liabilities	3,932,612	5,422,981
Deferred 457b compensation	133,732	76,275
Notes payable, net of current portion	584,447	1,132,573
Total liabilities	4,650,791	6,631,829
Net assets:		
Without donor restrictions	4,591,395	(76,342)
With donor restrictions	3,806,394	3,201,878
Total net assets	8,397,789	3,125,536
Total liabilities and net assets	\$ 13,048,580	\$ 9,757,365

The accompanying notes to the financial statements are an integral part of these statements

BALLET WEST
Statement of Activities
For the Year Ended July 31, 2021

	Without donor restrictions	With donor restrictions	Totals
Revenues, support, other income and gains:			
Admission and performance fees	\$ 295,017	\$ -	\$ 295,017
Tuition, rental revenues and merchandise	3,797,000	-	3,797,000
Grants and contributions	10,783,751	766,673	11,550,424
Interest and dividends	37,187	-	37,187
Net realized gain on donor stock gifts	37,415	-	37,415
Net unrealized gain on investments	6,277	-	6,277
Net unrealized gain on investments in endowment	366,413	274,174	640,587
Total revenues, support, other income and gains	15,323,060	1,040,847	16,363,907
Net assets released from restrictions	436,331	(436,331)	-
Total revenues, support, other income, gains and net assets released from restrictions	15,759,391	604,516	16,363,907
Expenses:			
Program services:			
Performance and artistic	5,820,407	-	5,820,407
Academy	3,061,763	-	3,061,763
Education	241,335	-	241,335
Supporting services:			
General and administrative	1,186,367	-	1,186,367
Fundraising	711,022	-	711,022
Total expenses	11,020,894	-	11,020,894
Increase in net assets before interest expense for capital campaign	4,738,497	604,516	5,343,013
Interest expense for capital campaign	(70,760)	-	(70,760)
Increase in net assets	4,667,737	604,516	5,272,253
Net assets, beginning of year	(76,342)	3,201,878	3,125,536
Net assets, end of year	\$ 4,591,395	\$ 3,806,394	\$ 8,397,789

The accompanying notes to the financial statements
are an integral part of these statements

BALLET WEST
Statement of Activities
For the Year Ended July 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Revenues, support, other income and gains:			
Admission and performance fees	\$ 2,660,693	\$ -	\$ 2,660,693
Tuition, rental revenues and merchandise	4,037,849	-	4,037,849
Grants and contributions	5,322,642	536,936	5,859,578
Interest and dividends	38,464	-	38,464
Net unrealized gain on investments in endowment	140,912	56,646	197,558
	<hr/>	<hr/>	<hr/>
Total revenues, support, other income and gains	12,200,560	593,582	12,794,142
Net assets released from restrictions	<hr/>	<hr/>	<hr/>
	1,655,168	(1,655,168)	-
	<hr/>	<hr/>	<hr/>
Total revenues, support, other income, gains and net assets released from restrictions	13,855,728	(1,061,586)	12,794,142
Expenses:			
Program services:			
Performance and artistic	8,318,996	-	8,318,996
Academy	2,575,105	-	2,575,105
Education	233,397	-	233,397
Supporting services:			
General and administrative	1,542,758	-	1,542,758
Fundraising	814,456	-	814,456
	<hr/>	<hr/>	<hr/>
Total expenses	13,484,712	-	13,484,712
Increase in net assets before interest expense for capital campaign	371,016	(1,061,586)	(690,570)
Interest expense for capital campaign	<hr/>	<hr/>	<hr/>
	(117,439)	-	(117,439)
Increase (decrease) in net assets	253,577	(1,061,586)	(808,009)
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	(329,919)	4,263,464	3,933,545
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ (76,342)	\$ 3,201,878	\$ 3,125,536

The accompanying notes to the financial statements
are an integral part of these statements

BALLET WEST
Statement of Functional Expenses
For the Year Ended July 31, 2021

	Program services			Supporting services		Total
	Performance and artistic	Academy	Education	General and administrative	Fundraising	
Advertising and promotions	\$ 543,423	\$ 35,602	\$ 790	\$ 1,494	\$ 18,949	\$ 600,258
Bad debt expense	-	-	-	-	17,418	17,418
Bank and other fees	3,431	3,029	-	140,126	-	146,586
Contract labor	417,986	8,235	5,950	36,569	-	468,740
Depreciation and amortization	462,962	15,940	-	8,423	14,445	501,770
Equipment rent	1,296	-	-	11,278	-	12,574
Events and meetings	1,395	-	-	31	-	1,426
In-kind expenses	-	-	-	-	25,000	25,000
Insurance	-	-	-	33,489	-	33,489
Interest on line of credit, notes and other	-	-	-	24,157	-	24,157
Maintenance and repairs	20,904	84,883	263	11,304	1,085	118,439
Material and supplies	146,133	26,623	75	-	-	172,831
Miscellaneous	294	3,425	-	111,750	1,708	117,177
Office supplies	17,600	30,216	2,297	3,995	26,246	80,354
Other program costs	124,407	491,435	24,627	-	-	640,469
Postage and shipping	28,763	118	58	4,120	855	33,914
Professional fees	8,995	165,135	-	56,144	150,340	380,614
Rent	240,013	854,707	834	4,677	3,012	1,103,243
Right and royalties	129,136	-	2,095	-	-	131,231
Salary and benefits	3,534,511	1,313,845	203,431	732,270	435,497	6,219,554
Sets	50,136	-	-	-	-	50,136
Special events	-	-	-	-	13,271	13,271
Telephone and utilities	36,413	12,018	729	4,012	2,274	55,446
Travel and trucking	52,609	16,552	186	2,528	922	72,797
Total expenses	\$ 5,820,407	\$ 3,061,763	\$ 241,335	\$ 1,186,367	\$ 711,022	\$ 11,020,894

The accompanying notes to the financial statements are an integral part of these statements

BALLET WEST
Statement of Functional Expenses
For the Year Ended July 31, 2020

	Program services			Supporting services		Total
	Performance and artistic	Academy	Education	General and administrative	Fundraising	
Advertising and promotions	\$ 523,540	\$ 30,755	\$ 15	\$ 82,222	\$ 25,289	\$ 661,821
Bad debt expense	433	-	-	-	200,000	200,433
Bank and other fees	6,057	2,606	-	160,245	-	168,908
Contract labor	382,847	8,330	500	-	-	391,677
Depreciation and amortization	450,027	52,726	-	-	12,662	515,415
Equipment rent	29	-	-	12,590	-	12,619
Events and meetings	4,609	30	-	1,366	459	6,464
Insurance	-	-	-	65,586	-	65,586
Interest on line of credit, notes and other	-	-	-	93,177	-	93,177
Maintenance and repairs	41,828	31,454	172	8,236	712	82,402
Material and supplies	248,221	21,914	-	-	-	270,135
Miscellaneous	4,248	21,623	-	41,758	3,042	70,671
Office supplies	38,671	27,450	1,611	30,096	3,568	101,396
Orchestra	458,744	-	-	-	-	458,744
Other program costs	296,532	301,774	-	-	-	598,306
Postage and shipping	10,486	179	68	4,253	3,788	18,774
Professional fees	136,446	150	-	225,886	18,595	381,077
Rent	549,188	608,040	7,197	31,329	3,070	1,198,824
Right and royalties	83,277	-	-	-	-	83,277
Salary and benefits	4,461,464	1,424,083	207,727	778,808	514,152	7,386,234
Sets	123,456	-	-	-	-	123,456
Special events	-	21,318	-	-	22,832	44,150
Telephone and utilities	35,777	13,692	815	4,481	2,387	57,152
Travel and trucking	463,116	8,981	15,292	2,725	3,900	494,014
Total expenses	\$ 8,318,996	\$ 2,575,105	\$ 233,397	\$ 1,542,758	\$ 814,456	\$ 13,484,712

The accompanying notes to the financial statements are an integral part of these statements

BALLET WEST
 Statements of Cash Flows
 For the Years Ended July 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 5,272,253	\$ (808,009)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	501,770	515,415
Bad debt expense	17,418	200,433
Unrealized gain on investments	(646,864)	(197,558)
Change in value of interest in charitable remainder annuity trust	10,889	5,238
Interest earned on certificates of deposit	(53)	106
Amortization of goodwill and other intangibles	16,167	16,428
Interest earned on investments	(12,019)	(18,285)
Change in annuity obligation	15,816	(6,263)
(Increase) decrease in operating assets:		
Accounts receivable, net	(9,304)	(208,659)
Agency receivable	998,800	496,682
Promises to give	(555,221)	409,688
Prepaid and deferred expenses	(69,202)	61,791
Increase (decrease) in operating liabilities:		
Accounts payable	68,117	(185,425)
Accrued liabilities	18,825	186,706
Deferred revenue	(218,040)	(41,066)
Deferred rent	(26,621)	(13,017)
Refundable advance	(209,752)	1,686,752
457b deferred compensation liability	57,457	38,189
Accrued interest on notes payable	(42,094)	(15,058)
Net cash flows from operating activities	5,188,342	2,124,088
Cash flows from investing activities:		
Purchase of investments in endowment	(200,000)	-
Purchase of board stability investments	(149,256)	-
Purchase of deferred 457b investment assets	(57,457)	(38,189)
Purchase of property and equipment	(638,276)	(414,540)
Net cash flows from investing activities	(1,044,989)	(452,729)
Cash flows from financing activities:		
Net change in line of credit	(605,843)	(1,055,678)
Payments on notes payable	(1,038,903)	(744,769)
Proceeds from issuance of notes payable	-	381,900
Net cash flows from financing activities	(1,644,746)	(1,418,547)
Change in cash and cash equivalents	2,498,607	252,812
Cash and cash equivalents, beginning of year	297,688	44,876
Cash and cash equivalents, end of year	\$ 2,796,295	\$ 297,688
Supplemental disclosures:		
Interest paid	\$ 137,011	\$ 225,674

The accompanying notes to the financial statements are an integral part of these statements

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

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 prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

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

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

Adoption of New Accounting Standards

During the year ended July 31, 2020, the Ballet adopted ASU 2018-09, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction.

Additionally, during the year ended July 31, 2020 the Ballet adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Ballet’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Ballet recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("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 all bank and savings accounts, cash on hand, and highly liquid investments purchased with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts Receivable and Promises to Give

Accounts 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.

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 the assets must be used, in which case the contributions are recorded as donor-restricted support.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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:

<u>Assets</u>	<u>Useful Lives</u>
Props, scenery and costumes	5 – 20 years
Production equipment	5 – 20 years
Office furniture and equipment	3 – 10 years
Leasehold improvements	3 – 10 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 the carrying value of the assets exceeds the estimated fair value of the assets. Assets which 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 July 31, 2021 and 2020.

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 Ballet believes such assumptions are also comparable to those that would be used by other marketplace participants.

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.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Endowment Investment Policy and Objectives

Included in the endowment are cash and investment balances and an interest in a perpetual trust established by a donor with the Ballet as the beneficiary. 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, and (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.

Refundable Advance

During the years ended July 31, 2021 and 2020, the Ballet obtained Paycheck Protection Program Loans ("PPP Loan") from a financial institution in the amount of **\$1,477,000** and \$1,686,752, respectively. The Ballet has elected to account for its PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution. The refundable advance will be reduced and recognized as a contribution as the conditions of release have been met or explicitly waived. The Ballet received full forgiveness on the 2020 loan during the year ended 2021. The application for forgiveness of the Ballet's 2021 PPP Loan must be submitted no later than April 2022, ten months after the last day of the loan forgiveness covered period.

Revenue and Deferred Revenue

The Ballet begins selling tickets to its programs and performances several months beforehand. 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.

Enrollment for the Ballet Academy begins several months before classes start. The revenue from tuition paid in advance of the academy year is deferred and recognized when classes are held.

Contributions

Contributions are recorded as with or without donor restricted support depending on the existence or nature of the donor restrictions. All unconditional contributions without donor restrictions are considered to be available for unrestricted use in the current accounting period. Contributions with donor restrictions, which are received and satisfied in the same fiscal year, are reported as contributions without donor restrictions.

Other contributions restricted for future periods or restricted for specific purposes by the donor are reported as donor restricted support. When a stipulated time restriction ends or a purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as released from restrictions.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

In-kind donations of property, equipment, supplies and other goods and services are recorded at their estimated fair value on the date of donation. These donations are reported as contributions without donor restrictions 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 support with donor restrictions and reclassified to net assets without donor restrictions when used or placed in service. In-kind contributions recorded in the financial statements at their estimated fair value totaled **\$422,318** and \$573,707 for the years ended July 31, 2021 and 2020, respectively. These contributions were used primarily for programs.

Included in the in-kind contributions are donated services that 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. These services are recorded at a fair value of **\$21,440** and \$96,430 for the years ended July 31, 2021 and 2020, respectively.

In-kind contributions recorded in the financial statements at estimated fair value were as follows for the years ended July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Advertising and promotions	\$ -	\$ 17,611
Miscellaneous	5,500	8,668
Office supplies	-	1,110
Professional services	21,440	96,430
Travel and trucking	5,000	59,510
Rent	390,378	390,378
Total in-kind contributions	\$ 422,318	\$ 573,707

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 functional expenses. 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 **\$600,258** and \$661,821 for the years ended July 31, 2021 and 2020, respectively.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Collective Bargaining Agreements

The Ballet's dancers, musicians, and production staff (approximately 60% of employees) are covered by collective bargaining agreements. The agreements have varying expiration dates ranging from July 31, 2022 through July 31, 2025.

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. Generally, the Ballet's tax filings are subject to examination by the IRS for three years from the date filed.

Recently Issued Accounting Pronouncements

In March of 2016, the FASB issued Accounting Standards Update 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This guidance is effective for fiscal years beginning after December 15, 2021. Management does not anticipate a significant impact on operations, financial position, or cash flows as a result of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this updated require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization is currently in the process of evaluating the impacts this update will have on the presentation of its financial statements.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Developments Related to COVID-19

The World Health Organization has declared the recent COVID-19 outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. At this point, the extent to which COVID-19 may continue to impact the Organization's financial condition or results of operations is uncertain.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of July 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,796,295	\$ 297,688
Certificates of deposit	35,756	35,703
Accounts receivable, net	535	8,649
Promises to give, current portion	<u>620,788</u>	<u>213,075</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,453,374</u>	<u>\$ 555,115</u>

The Ballet has a budget for annual operating expenses of approximately \$14,000,000. The organization covers these expenses with revenue from ticket sales, tuition and rental fees which average \$8,000,000 annually. The remaining balance is covered by grants and contributions from the state of Utah, Salt Lake County, national and local foundations and individual donors.

The Ballet had a \$2,250,000 line of credit which had an outstanding balance of \$0 and \$605,843 as of July 31, 2021 and 2020, respectively. The line was utilized to manage cash flow and cover any operating deficits as they arose. The line of credit matured and was not renewed as of July 31, 2021.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

3. 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 July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due:		
1 year or less	\$ 620,788	\$ 213,075
1 - 5 years	520,200	502,600
Thereafter	-	50,000
	<u>1,140,988</u>	<u>765,675</u>
Less: allowance for doubtful pledges	(17,478)	(200,000)
Less: unamortized discount	(3,826)	(1,212)
Unconditional promises to give, net	<u>\$ 1,119,684</u>	<u>\$ 564,463</u>

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 **\$514,420** and \$1,513,220 as of July 31, 2021 and 2020, for amounts due from a donor pertaining to these agreements. Estimated amounts due in future years are as follows as of July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due:		
1 year or less	\$ 514,420	\$ 1,000,000
1 - 5 years	-	513,220
Total	<u>\$ 514,420</u>	<u>\$ 1,513,220</u>

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of July 31, 2021 and 2020:

	2021	2020
Props, scenery and costumes	\$ 7,043,939	\$ 6,955,774
Production equipment	936,044	870,831
Office furniture and equipment	968,294	562,096
Leasehold improvements	509,626	430,926
Total cost of property and equipment	9,457,903	8,819,627
Accumulated depreciation and amortization	(5,282,263)	(4,780,493)
Property and equipment, net	\$ 4,175,640	\$ 4,039,134

Depreciation and amortization for property and equipment totaled **\$452,542** and \$498,986 for the years ended July 31, 2021 and 2020, respectively.

6. GOODWILL AND OTHER INTANGIBLES

The Ballet acquired an existing ballet studio in 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.

The Ballet acquired an existing ballet studio in 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.

The Ballet completed an annual impairment test of goodwill as of July 31, 2021 and 2020 and determined that there was no impairment. Goodwill and other intangibles were as follows as of July 31, 2021 and 2020:

	2021	2020
Goodwill	\$ 237,709	\$ 237,709
Other amortized intangibles		
Customer lists and relationships	115,000	115,000
Less: accumulated amortization	(89,535)	(73,368)
	25,465	41,632
Goodwill and other intangibles, net	\$ 263,174	\$ 279,341

Amortization expense for the years ended July 31, 2021 and 2020 totaled **\$16,167** and \$16,428, respectively.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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 tables as of July 31, 2021 and 2020 represent the amount that would be received to sell those assets in an orderly transaction between market participants at that date. In determining fair value, the Ballet uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investment assets measured at fair value on a recurring basis as of July 31, 2021 and 2020 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
July 31, 2021				
Money market and cash equivalents	\$ 39,059	\$ 39,059	\$ -	\$ -
Mutual and other funds	3,431,762	3,431,762		
Total	<u>\$3,470,821</u>	<u>\$3,470,821</u>	<u>\$ -</u>	<u>\$ -</u>
July 31, 2020				
Money market and cash equivalents	\$ 60,330	\$ 60,330	\$ -	\$ -
Mutual and other funds	2,402,352	2,402,352		
Total	<u>\$2,462,682</u>	<u>\$2,462,682</u>	<u>\$ -</u>	<u>\$ -</u>

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 July 31, 2021 and 2020.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Components of investment return net of fees for the years ended July 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Investment return:		
Interest and dividends	\$ 37,187	\$ 38,464
Net realized/unrealized gain	<u>640,587</u>	<u>197,558</u>
Total investment return	<u>\$ 677,774</u>	<u>\$ 236,022</u>

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. At the time of the gift, 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 July 31, 2021, the Ballet revised the liability based on an increased life expectancy. The annuity obligation as of July 31, 2021 and 2020 was **\$24,844** and \$9,058, respectively.

Estimated payments under the annuity obligation are as follows:

For the years ending July 31,

2022	<u>\$ 24,844</u>
Total	<u>\$ 24,844</u>

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

9. LINE OF CREDIT

The Ballet had a \$2,250,000 line of credit agreement with interest set at prime plus 0.74% (**3.99%** and 3.99% at July 31, 2021 and 2020, respectively) 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 **\$0** and \$605,843 as of July 31, 2021 and 2020, respectively. Interest expense on the line of credit was **\$9,104** and \$78,902 for the years ended July 31, 2021 and 2020, respectively. The line of credit matured and was not renewed as of July 31, 2021.

10. NOTES PAYABLE

Notes payable were as follows as of July 31, 2021 and 2020:

	2021	2020
5% note payable to a foundation, periodic principal payments through 2023, all unpaid principal and accrued interest due December 2023. Secured by agency receivables.	\$ 974,353	\$ 1,999,672
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.	8,320	21,904
2.75% note payable to a financial institution, monthly payments of \$641, all unpaid principal and accrued interest due May 2051. Secured by various assets and letter of credit rights.	149,900	149,900
Total notes payable	1,132,573	2,171,476
Less current portion	(548,126)	(1,038,903)
Notes payable, net of current portion	\$ 584,447	\$ 1,132,573

Estimated maturities of notes payable are as follows:

For the years ending July 31,

2022	\$ 548,126
2023	55,019
2024	56,366
2025	75,458
2026	87,802
Thereafter	309,802
Total	\$ 1,132,573

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

10. NOTES PAYABLE (Continued)

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 which totaled **\$514,420** and \$1,513,220 as of July 31, 2021 and 2020, respectively.

11. 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:

For the years ending July 31,

2022	\$	414,480
2023		411,067
2024		417,053
2025		420,497
2026		424,049
Thereafter		<u>646,244</u>
Total	\$	<u>2,733,390</u>

Total rent expense under operating leases with terms in excess of one year was **\$616,236** and \$602,814 for the years ended July 31, 2021 and 2020, respectively.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Foundations, corporations and individuals	\$ 641,500	\$ 556,000
Subject to the passage of time:		
Foundations, corporations and individuals	-	15,000
Subject to specified purpose and passage of time:		
Foundations, corporations, and individuals	493,175	433,331
Not subject to appropriation or expenditure:		
Foundations and individuals	<u>2,671,719</u>	<u>2,197,547</u>
Total net assets with donor restrictions	<u><u>\$ 3,806,394</u></u>	<u><u>\$ 3,201,878</u></u>

13. ENDOWMENT FUNDS

The Ballet's endowment funds consist of donor restricted funds and is classified and reported as net assets with donor restrictions and is not subject to appropriation or expenditure. The endowment is made up of two components which include cash and investments in endowment and an interest in a perpetual trust.

Cash and investments in endowment – The investments in endowment held by the Ballet includes cash and investments and is restricted in perpetuity by the donor. In November 2008, the fair market value of the endowment investments declined below the original corpus of \$1,742,208. This decline was recorded in net assets without donor restrictions. The fair market value of the endowment has since recovered up to the original corpus amount. As of July 31, 2021 and 2020, the balance was **\$2,559,021** and \$1,989,343, respectively, of which **\$1,924,208** and \$1,724,208, respectively is held as net assets with donor restrictions.

Interest in perpetual trust endowment- The Ballet is a beneficiary of a perpetual trust. The Ballet's interest in the trust was recorded at the fair value of the trust assets on the date of gift. The trust is restricted in perpetuity and included as part of net assets with donor restrictions and is not subject to appropriation or expenditure. The fair value of the investments held by the trust was **\$747,511** and \$473,339 as of July 31, 2021 and 2020, 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 donor restricted gain or loss. The unrealized gain on the interest in the perpetual trust was **\$274,172** and \$56,646 for the years ended July 31, 2021 and 2020, respectively. There were no trust distributions during the years ended July 31, 2021 and 2020.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

13. ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended July 31, 2021 are as follows:

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ 265,135	\$ 2,197,547	\$ 2,462,682
Contributions	-	200,000	200,000
Interest and dividends	11,674	-	11,674
Net investment return	<u>358,004</u>	<u>274,172</u>	<u>632,176</u>
Endowment net assets, End of year	<u>\$ 634,813</u>	<u>\$ 2,671,719</u>	<u>\$ 3,306,532</u>

Changes in endowment net assets for the year ended July 31, 2020 are as follows:

	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ 105,939	\$ 2,140,901	\$ 2,246,840
Interest and dividends	18,885	-	18,885
Net investment return	<u>140,311</u>	<u>56,646</u>	<u>196,957</u>
Endowment net assets, End of year	<u>\$ 265,135</u>	<u>\$ 2,197,547</u>	<u>\$ 2,462,682</u>

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 net assets with donor restrictions (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 is classified as net assets with donor restrictions 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, and (4) fiduciary control of all investments. As of July 31, 2021 and 2020, all endowment net assets were classified as net assets with donor restrictions.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

13. ENDOWMENT FUNDS (Continued)

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. There were no deficiencies to report as of July 31, 2021 and 2020.

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 July 31, 2021 and 2020.

14. BENEFIT PLANS

401k Plans - The Ballet sponsors two 401k plans. Employees not covered under collective bargaining agreements are eligible to participate in one 401k plan. Such employees become eligible to participate following 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 July 31, 2021 and 2020.

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 this plan. The Ballet made matching and profit sharing contributions to the plan of **\$37,068** and \$37,068 for the years ended July 31, 2021 and 2020, respectively .

Deferred 457b Compensation – The Ballet Sponsors a deferred 457b compensation plan for certain employees to allow additional retirement savings options. The Ballet has recorded an asset and corresponding liability of **\$133,732** and \$76,275 as of July 31, 2021 and 2020 respectively. There is no employer matching for this plan.

15. 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 as the sum of all balances is below the federally insured limit.

The Ballet had concentrations in promises to give and agency receivables as of July 31, 2021 and 2020. For the year ended July 31, 2021, five donors made up **79%** of the promises to give balance and one donor made up the agency receivables balance. For the year ended July 31, 2020, five donors made up 85% of the promises to give balance and one donor made up the agency receivables balance.

BALLET WEST

Notes to the Financial Statements
For the Years Ended July 31, 2021 and 2020

16. RELATED PARTY TRANSACTIONS

Members of the Ballet's Board of Directors provided financial support to the Ballet in the form of contributions of **\$661,385** and \$278,504 during the years ended July 31, 2021 and 2020, respectively. As of July 31, 2021 and 2020 board member promises to give totaled **\$465,500** and \$72,425, respectively.

During the year ended July 31, 2020, the Ballet also obtained loans of \$57,000 and \$175,000 from an employee and board member, respectively. These loans were short term and paid off within a month of issuance. Due to the short-term nature of the loans, interest incurred and paid on these loans was insignificant.

17. SUBSEQUENT EVENTS

Subsequent events were evaluated by management through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**FEDERAL AWARD REPORTS IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

BALLET WEST
Schedule of Expenditures of Federal Awards
For the Year Ended July 31, 2021

<u>Federal Grantor/ Program or Cluster Title / Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through/ Grant Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Treasury:			
Coronavirus Relief Fund:			
Salt Lake County	21.019	CPG2020004	\$ 219,441
Salt Lake County	21.019	CVERAC001	350,000
Utah Department of Heritage & Arts	21.019	203631	17,500
Utah Education Telehealth Network	21.019	None	20,000
Utah Governor's Office of Economic Development	21.019	None	13,747
Utah Office of Tourism	21.019	21063C0046	100,000
Utah Division of Arts & Museums	21.019	211043	642,166
Salt Lake City's Arts, Culture, and Events Fund	21.019	None	<u>3,000</u>
U.S. Department of Treasury total:			<u>1,365,854</u>
Total expenditures of federal awards			<u>\$ 1,365,854</u>
Reconciliation to revenue recognized in the Statement of Activities:			
Grants and contributions			\$ 11,550,424
Less: local government grants			(894,889)
Less: individual and corporate contributions			<u>(9,289,681)</u>
Total expenditures of federal awards			<u>\$ 1,365,854</u>

See the accompanying notes to the Schedule
of Expenditures of Federal Awards

BALLET WEST

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended July 31, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of **Ballet West** (the "Ballet"). The reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting for expenditures. The cost principles contained in Subpart E - Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Ballet's summary of significant accounting policies is presented in Note 2 of the Institute's basic financial statements.

3. DISASTER ASSISTANCE LOAN

During the year ended July 31, 2021, the Ballet obtained a disaster assistance loan through the U.S. Small Business Administration. The loan calls for monthly payments of \$641 and accrues interest at a rate of 2.75%. All unpaid principal and accrued interest is due in May 2051. The Ballet did not spend any of these funds during the year ended July 31, 2021. The outstanding balance of the loan was \$149,900 as of July 31, 2021.

4. DE MINIMUS COST RATE ELECTION

The Ballet has elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

5. NON-CASH ASSISTANCE

The Ballet received no non-cash assistance during the period presented.



**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors
Ballet West

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Ballet West**, which comprise the statement of financial position as of July 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Ballet West's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Ballet West's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Ballet West's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Ballet West's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Larson Company P.C." in a cursive script.

Salt Lake City, Utah
October 26, 2021



**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Ballet West

Report on Compliance for Each Major Federal Program

We have audited **Ballet West's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Ballet West's** major federal programs for the year ended July 31, 2021. **Ballet West's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Ballet West's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Ballet West's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Ballet West's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Ballet West** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2021.

Report on Internal Control over Compliance

Management of **Ballet West** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Ballet West's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Ballet West's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Larson Company P.C." in a cursive, professional style.

Salt Lake City, Utah
October 26, 2021

BALLET WEST
 Schedule of Findings and Questioned Costs
 For the Year Ended July 31, 2021

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Type of auditor's report issued on compliance for major programs	Unmodified
Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

BALLET WEST
Schedule of Findings and Questioned Costs
For the Year Ended July 31, 2021

Section II – Financial Statement Findings

None

Section III – Financial Award Findings and Questioned Costs

Current year - None

Prior year – No single audit performed