

BALLETROX, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Information for 2019)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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BALLETROX, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Information for 2019)



Mission Statement

"A chance to dance!"

The mission of BalletRox, Inc. is to expose Boston youth to dance and opportunities for mastery and performance, to which they would not otherwise have access, giving them discipline and a supportive community to succeed in life.

BALLETROX, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Information for 2019)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
BalletRox, Inc.
Jamaica Plain, Massachusetts

We have reviewed the accompanying financial statements of BalletRox, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed BalletRox, Inc.'s FY 2019 financial statements and in our conclusion dated November 18, 2019 stated that based on our review, we were not aware of any material modifications that should be made to the FY 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
September 30, 2020

BALLETROX, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 168,477	\$ 69,801
Accounts Receivable	5,980	-
Grants and Contributions Receivable	25,797	23,134
Total Current Assets	<u>200,254</u>	<u>92,935</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Property and Equipment	6,252	6,252
Less: Accumulated Depreciation	<u>(5,738)</u>	<u>(4,711)</u>
Net Property and Equipment	<u>514</u>	<u>1,541</u>
<u>OTHER ASSETS:</u>		
Board Designated Funds	<u>10,000</u>	<u>10,000</u>
Total Other Assets	<u>10,000</u>	<u>10,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 210,768</u>	<u>\$ 104,476</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Conditional Grant Advance	\$ 534	\$ -
Total Current Liabilities	<u>534</u>	<u>-</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Board Designated	10,000	10,000
Operating Funds	<u>160,234</u>	<u>77,476</u>
Total Net Assets Without Donor Restrictions	170,234	87,476
Net Assets With Donor Restrictions	<u>40,000</u>	<u>17,000</u>
Total Net Assets	<u>210,234</u>	<u>104,476</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 210,768</u>	<u>\$ 104,476</u>

BALLETROX, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Comparative Totals for 2019)

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2020</u>	<u>2019</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
School-Based Programs	\$ 34,882	\$ -	\$ 34,882	\$ 18,618
BalletRox Dance! Tuition Fees	79,768	-	79,768	88,621
Ticket Sales	4,752	-	4,752	5,679
Gifts, Grants and Contributions	180,594	84,750	265,344	148,183
Paycheck Protection Program Grant	-	36,966	36,966	-
Donated Goods and Services	1,915	-	1,915	3,544
<i>Reclassifications of Net Assets:</i>				
Satisfaction of Program Restrictions	<u>98,716</u>	<u>(98,716)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>400,627</u>	<u>23,000</u>	<u>423,627</u>	<u>264,645</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	243,255	-	243,255	240,527
<i>Supporting Services:</i>				
Administrative	27,902	-	27,902	21,547
Fund Raising	<u>46,712</u>	<u>-</u>	<u>46,712</u>	<u>33,848</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>317,869</u>	<u>-</u>	<u>317,869</u>	<u>295,922</u>
<u>CHANGE IN NET ASSETS</u>	82,758	23,000	105,758	(31,277)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>87,476</u>	<u>17,000</u>	<u>104,476</u>	<u>135,753</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 170,234</u>	<u>\$ 40,000</u>	<u>\$ 210,234</u>	<u>\$ 104,476</u>

BALLETROX, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Comparative Totals for 2019)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2020</u>	<u>2019</u>
Salaries and Wages	\$ 121,928	\$ 13,530	\$ 30,424	\$ 165,882	\$ 134,990
Payroll Taxes	13,094	1,453	3,267	17,814	12,762
Employee Benefits	9,866	1,095	2,462	13,423	13,917
Scholarships	63,900	-	-	63,900	70,000
Professional Fees	700	6,650	8,386	15,736	15,403
Field Trip Fees	170	-	-	170	2,115
Printing and Design Fees	1,617	179	403	2,199	1,625
Advertising	1,721	664	-	2,385	1,820
Theater and Studio Rental	13,200	-	-	13,200	13,985
Set and Props	-	-	-	-	1,422
Costumes	3,328	-	-	3,328	11,409
Depreciation Expense	514	513	-	1,027	1,027
Insurance	1,593	799	397	2,789	4,028
Miscellaneous	11,624	3,019	1,373	16,016	11,419
	<u>11,624</u>	<u>3,019</u>	<u>1,373</u>	<u>16,016</u>	<u>11,419</u>
Total Functional Expenses	<u>\$ 243,255</u>	<u>\$ 27,902</u>	<u>\$ 46,712</u>	<u>\$ 317,869</u>	<u>\$ 295,922</u>

BALLETROX, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 105,758	\$ (31,277)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation Expense	1,027	1,027
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable	(5,980)	10,500
Grants and Contributions Receivable	(2,663)	7,748
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	-	(2,583)
Conditional Grant Advance	534	-
Net Adjustment	<u>(7,082)</u>	<u>16,692</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>98,676</u>	<u>(14,585)</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>98,676</u>	<u>(14,585)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>79,801</u>	<u>94,386</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 178,477</u>	<u>\$ 79,801</u>
<i>Cash Balances:</i>		
Cash	\$ 168,477	\$ 69,801
Board Designated Funds	<u>10,000</u>	<u>10,000</u>
	<u>\$ 178,477</u>	<u>\$ 79,801</u>

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

NOTE 1 ORGANIZATION

BalletRox, Inc. (“BalletRox” or the “Organization”) was incorporated in January 1992 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. BalletRox, Inc. is not classified as a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

The Organization is primarily funded by its school programs and grants and contributions from the general public.

NOTE 2 PROGRAM SERVICES

BalletRox strives to improve the well-being of local youth and the greater community through exposure and access to dance. BalletRox programs are based on the premise that participation in dance not only provides dance training, but also contributes to social development, encourages healthy lifestyle, and helps develop valuable life skills. While BalletRox helps students increase technical dance abilities, it is these additional skills which lead to increased confidence levels and self-efficacy that are the most important goals of BalletRox’s programming.

BalletRox works to expose Boston youth to dance and performance, who otherwise would not have the opportunity. BalletRox provides a supportive and safe community in which self-expression, confidence and discipline are cultivated.

BalletRox runs in-school and after-school dance programs at Boston Public School sites throughout the city. These year-long programs provide arts-integrated dance curriculum to nearly 1,000 Boston Public School students each year.

BalletRox Dance! is a community dance program located in Jamaica Plain that is open to all community members with no audition or selection process. Full and partial scholarships are made available on a sliding fee schedule based on family income and size.

BalletRox programs are based on the premise that participation in dance not only provides dance training, but also contributes to students’ social development and teaches valuable life skills. The purpose of BalletRox is to engage in the following activities: to promote, advance and sponsor artistic endeavors, creative work and education in dance, theater, music and other performance arts, including but not limited to, providing activities and facilities on professional, semi-professional and recreational levels, sponsoring instruction, workshops, residencies and classes, providing rehearsal, performance and instructional spaces and sponsoring professional and non-professional concerts and performances.

BalletRox Youth Council is a student government body, founded on the premise of independence, collaboration, and giving a voice to the youth in the communities served. Thanks to the creative as well as organizational processes taking place during the Youth Council meetings, teenagers are able to learn such skills as leadership, cooperation, and accountability.

BalletRox’s long-term plan continues to include professional performance opportunities as an integral part of program offerings.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 2 *(Continued)*

All ballet schools teach dance technique, but because BalletRox focuses on at-risk, urban children, it is able to teach much more. BalletRox is uniquely positioned to provide the proven psychological and developmental benefits of dance. Through dance classes and performance opportunities students learn discipline, teamwork, self-respect, and self-esteem. BalletRox provides critical tools for helping young people manage peer pressures, family crisis, and threats from the streets as well as for success in the adult world.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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; however, adherence to generally accepted accounting principles has, in the Management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 3 *(Continued)*

The accompanying financial statements include certain FY 2019 comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, FY 2019 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Receivables:

Accounts Receivable represents uncollected fees due from school programs.

Grants and Contributions Receivable represent amounts which are due from individual donors, organizations, and foundations which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. The fair value of the grants and contributions approximates carrying value due to the short maturity of the instrument.

Management periodically reviews specific accounts receivable balances, grants and commitments to determine if any balances are uncollectible. Management considers *Accounts Receivable* and *Grants and Contributions Receivable* fully collectible; therefore, no allowance for doubtful amounts has been established. If balances are determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the years ended June 30, 2020 and 2019, there was no bad debt expense related to uncollectible receivables.

Property and Equipment:

Property and equipment purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair value at the date of the receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years. As of June 30, 2020 and 2019, property and equipment consists of a Marley dance floor, a portable stage floor covering, and computer equipment with an original cost of \$6,252. The estimated useful life of the dance floor is seven years and the computer equipment is three years. Depreciation expense was \$1,027 for each of the years presented.

Revenue Recognition:

School program fees are recognized as revenue as the services are rendered.

The BalletRox Dance! program has established tuition rates based upon the number of classes per week of attendance and the age group of the child. Tuition, which includes dancewear and recital costumes, can be paid annually or divided into three installment payments. Parents also pay a nonrefundable registration fee.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 3 (Continued)

BalletRox Dance! offers need-based reduced tuition through scholarships based on family size, number of children under the age of 18 living in the household, the annual family income, and sources of income. The fees for optional master dance class are waived for these scholarship students. BalletRox separately tracks these scholarships and has reflected these amounts as *Scholarships* expense in the accompanying Statement of Functional Expenses. Scholarships for the BalletRox Dance! Program were \$63,900 and \$70,000 for the years ended June 30, 2020 and 2019, respectively.

Gifts, Grants and Contributions:

As required by the FASB Accounting Standards Codification™, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and right of return—are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value.

Multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*™, the Organization maintains a policy whereby contributions of donated goods and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recognized as revenue on the Statement of Activities and are reported as expenses on the Statement of Functional Expenses. Members of the Board of Directors and other volunteers donated numerous hours of services, assisting with the Organization's mission, office administrative work, promotional, artistic and community outreach. These services, while significant, do not meet the recognition criteria and, therefore, have not been recorded in the accompanying financial statements.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 3 *(Continued)*

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using a salary-based formulas or from the nature of related item. In the accompanying Statement of Functional Expenses, *Salaries and Wages*, *Payroll Taxes* and *Employee Benefits* are allocated based on estimates of time and effort. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to BalletRox, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for BalletRox's programs.

Advertising:

The Organization expenses the costs of advertising at the time the advertising is incurred.

Recent Accounting Guidance:

Recently Implemented Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective July 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes in the previously issued financial statements were required on a retrospective basis.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective July 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its FY 2019 revenue balances or opening net assets for the years presented.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 4 RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

As of June 30, 2020 and 2019, net assets without donor restrictions of \$10,000 were designated by the Board of Directors for an operating reserve.

Net assets with donor restrictions include unexpended contributions and grants restricted by donors for the following purposes as of June 30, 2020 and 2019:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Time Restricted	\$20,000	\$17,000
Future Programming	<u>20,000</u>	<u>-</u>
Total	<u>\$40,000</u>	<u>\$17,000</u>

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Time Restricted	\$37,000	\$65,000
Future Programming	24,750	-
Paycheck Protection Program	<u>36,966</u>	<u>-</u>
Total	<u>\$98,716</u>	<u>\$65,000</u>

NOTE 5 CONDITIONAL GRANT

In FY 2019, BalletRox received a challenge grant totaling \$20,000 from a foundation for general support. The initial installment of \$10,000 was unconditional and without donor restriction. As of June 30, 2019, the second installment of \$10,000 was conditional upon the Organization raising matching funds by December 31, 2019. The matching funds were raised and received in FY 2020 and the \$10,000 grant was received and recognized as revenue in FY 2020 in the accompanying financial statements.

NOTE 6 DONATED GOODS AND SERVICES

For the years ended June 30, 2020 and 2019, BalletRox received the following donated goods and services which have been recorded in the accompanying financial statements:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Communications and Marketing	\$1,721	\$ 1,750
Supplies	94	1,548
Postage	-	246
Professional Fees	<u>100</u>	<u>-</u>
Total	<u>\$1,915</u>	<u>\$3,544</u>

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 7 RENTAL AGREEMENT

BalletRox is party to a space sharing arrangement in the form of an annually renewable rental agreement at the Spontaneous Celebrations community facility located in Jamaica Plain, the term of which coincides with the Organization's fiscal year. The rental agreement provides BalletRox with dance studio space for their BalletRox Dance! Program. Total rent expense paid to Spontaneous Celebrations amounted to \$13,200 and \$13,125, respectively, for the years ended June 30, 2020 and 2019 and is included within the *Theater and Studio Rental* expense in the accompanying Statement of Functional Expenses.

NOTE 8 CONTINGENCIES

Paycheck Protection Program:

BalletRox, Inc. received a loan in the amount of \$37,500 from Eastern Bank through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loan") on April 11, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA. BalletRox intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. BalletRox expects to meet the requirements for loan forgiveness. The Organization must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. BalletRox elects to use a 24-week covered period which will expire on September 26, 2020. As of June 30, 2020, The Organization has incurred \$36,966 of qualifying costs which has been recognized as grant income for the fiscal year then ended. The unexpended funds totaling \$534 are reported on the accompanying statements of financial position as a *Conditional Grant Advance*, a current liability, as of June 30, 2020.

NOTE 9 CONCENTRATIONS

Accounts Receivable:

As of June 30, 2020, the balance of *Accounts Receivable* is due from two schools.

Grants and Contributions Receivable:

As of June 30, 2020 and 2019, 77% and 59%, respectively, of *Grants and Contributions Receivable* was due from one donor.

NOTE 10 RETIREMENT PLAN

BalletRox maintains a retirement savings plan for employees meeting certain eligibility requirements. The Organization, at its discretion, may match a portion of the employees' contributions. For the years ended June 30, 2020 and 2019, the total expense recognized for the Organization's match was \$4,917 and \$5,250, respectively and is included in *Employee Benefits* in the accompanying Statement of Functional Expenses.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(With Summarized Comparative Information for 2019)

(Continued)

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects BalletRox’s financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash, Operating	\$ 168,477	\$ 69,801
Accounts Receivable	5,980	-
Grants and Contributions Receivable	25,797	23,134
Board Designated Funds	<u>10,000</u>	<u>10,000</u>
Total Financial Assets	210,254	102,935
Less Amounts Not Available to be Used Within One Year:		
Board Designated Funds	<u>(10,000)</u>	<u>(10,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 200,254</u>	<u>\$ 92,935</u>

As part of the Organization’s liquidity management, BalletRox has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has Board Designated funds, and while the Organization does not intend to spend these funds for general operating purposes within the next year, these amounts could be made available for current operations, if necessary.

For the purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through September 30, 2020 the date which the financial statements were available for issue, and noted the following event which met the disclosure criteria:

COVID-19 Impact:

The pandemic continues to impact the Organization’s programs and finances. The BalletRox Dance community dance program is scheduled to start in early November 2020, which is two months later than normal. Classes will be conducted simultaneously in-person and live streamed. The Organization has reduced tuition and will be offering more scholarship funds to accommodate the needs of the families who participate in this program. Other expenses have increased due to purchase of remote learning equipment, cleaning supplies, and increased staffing to handle the safe conduct of classes. The BalletRox Boston Public Schools program will be conducted entirely remotely and is projected to start in the second half of the FY 2021. Staff who were laid off or had reduced hours will be recalled as these programs resume operation.