

ATLANTA BALLET, INC.

FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2020 AND 2019

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees Atlanta Ballet, Inc.

We have audited the accompanying financial statements of Atlanta Ballet, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of July 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

Auditors' 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Organization'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 Organization'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 the Atlanta Ballet, Inc. as of July 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 11, the Organization is dependent upon contributions, grants and other public support to maintain the activities of the Organization.

Smith & Howard

November 17, 2020

ATLANTA BALLET, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 258,707	\$ 82,979
Restricted cash	5,087	271,671
Receivables, net of allowance for doubtful accounts of \$3,815 and \$12,592 for 2020 and 2019, respectively	44,762	20,593
Unconditional promises to give, net	1,680,880	3,686,737
Prepaid expenses and other assets	838,553	826,750
Production development	135,279	212,989
Endowment	1,700,362	1,675,523
Property and equipment, net	<u>13,506,553</u>	<u>13,665,485</u>
 Total Assets	 <u>\$ 18,170,183</u>	 <u>\$ 20,442,727</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 430,409	\$ 757,489
Deferred customer deposits	875,853	1,007,238
Refundable advance	1,107,806	-
Promissory notes	2,150,000	2,150,000
Borrowings under lines of credit	<u>-</u>	<u>3,660,037</u>
 Total Liabilities	 <u>4,564,068</u>	 <u>7,574,764</u>
Net Assets		
Without donor restrictions	10,249,837	8,172,827
With donor restrictions	<u>3,356,278</u>	<u>4,695,136</u>
 Total Net Assets	 <u>13,606,115</u>	 <u>12,867,963</u>
 Total Liabilities and Net Assets	 <u>\$ 18,170,183</u>	 <u>\$ 20,442,727</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JULY 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Nutcracker ticket sales	\$ 3,249,589	\$ -	\$ 3,249,589
Other ticket sales	787,372	-	787,372
Centre for Dance Education and Outreach fees	1,473,843	-	1,473,843
Contributions and grants	7,034,319	110,606	7,144,925
Special events, net direct donor expense of \$175,322	244,022	-	244,022
Investment income, net of investment fees	-	110,304	110,304
Merchandise sales	390,142	-	390,142
Less: cost of sales	(146,363)	-	(146,363)
Other income	123,111	-	123,111
Net assets released from restrictions	<u>1,559,768</u>	<u>(1,559,768)</u>	<u>-</u>
 Total Revenues and Other Support	 <u>14,715,803</u>	 <u>(1,338,858)</u>	 <u>13,376,945</u>
Expenses and Other Losses			
Program services:			
Production	5,468,557	-	5,468,557
Centre for Dance Education and Outreach	1,962,479	-	1,962,479
Marketing and box office	<u>1,451,484</u>	<u>-</u>	<u>1,451,484</u>
Total program services	<u>8,882,520</u>	<u>-</u>	<u>8,882,520</u>
Supporting services:			
Management and general	2,468,613	-	2,468,613
Fundraising and development	<u>581,766</u>	<u>-</u>	<u>581,766</u>
Total supporting services	<u>3,050,379</u>	<u>-</u>	<u>3,050,379</u>
 Total Expenses	 <u>11,932,899</u>	 <u>-</u>	 <u>11,932,899</u>
 Change in Net Assets Before Depreciation	 2,782,904	 (1,338,858)	 1,444,046
Depreciation	<u>705,894</u>	<u>-</u>	<u>705,894</u>
 Change in Net Assets	 2,077,010	 (1,338,858)	 738,152
Net Assets, Beginning of Year	<u>8,172,827</u>	<u>4,695,136</u>	<u>12,867,963</u>
Net Assets, End of Year	<u>\$ 10,249,837</u>	<u>\$ 3,356,278</u>	<u>\$ 13,606,115</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JULY 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Nutcracker ticket sales	\$ 3,662,569	\$ -	\$ 3,662,569
Other ticket sales	879,577	-	879,577
Centre for Dance Education and Outreach fees	2,283,962	-	2,283,962
Contributions and grants	1,788,274	1,117,351	2,905,625
Special events, net direct donor expense of \$66,680	598,285	-	598,285
Investment income, net of investment fees	-	24,508	24,508
Merchandise sales	498,298	-	498,298
Less: cost of sales	(237,471)	-	(237,471)
Other income	141,861	-	141,861
Net assets released from restrictions	<u>4,074,137</u>	<u>(4,074,137)</u>	<u>-</u>
 Total Revenues and Other Support	 <u>13,689,492</u>	 <u>(2,932,278)</u>	 <u>10,757,214</u>
Expenses and Other Losses			
Program services:			
Production	5,765,106	-	5,765,106
Centre for Dance Education and Outreach	2,367,884	-	2,367,884
Marketing and box office	<u>2,336,077</u>	<u>-</u>	<u>2,336,077</u>
Total program services	<u>10,469,067</u>	<u>-</u>	<u>10,469,067</u>
Supporting services:			
Management and general	1,687,623	-	1,687,623
Fundraising and development	<u>1,132,523</u>	<u>-</u>	<u>1,132,523</u>
Total supporting services	<u>2,820,146</u>	<u>-</u>	<u>2,820,146</u>
 Total Expenses	 <u>13,289,213</u>	 <u>-</u>	 <u>13,289,213</u>
 Change in Net Assets Before Depreciation	 400,279	 (2,932,278)	 (2,531,999)
 Depreciation	 <u>529,675</u>	 <u>-</u>	 <u>529,675</u>
Other Income:			
Gain on sale of property and equipment	<u>95,000</u>	<u>-</u>	<u>95,000</u>
 Change in Net Assets	 (34,396)	 (2,932,278)	 (2,966,674)
 Net Assets, Beginning of Year	 <u>8,207,223</u>	 <u>7,627,414</u>	 <u>15,834,637</u>
 Net Assets, End of Year	 <u>\$ 8,172,827</u>	 <u>\$ 4,695,136</u>	 <u>\$ 12,867,963</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2020

	Production	Centre for Dance Education and Outreach	Marketing and Box Office	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 2,350,518	\$ 1,138,024	\$ 566,047	\$ 4,054,589	\$ 678,118	\$ 336,362	\$ 1,014,480	\$ 5,069,069
Payroll taxes and benefits	<u>582,603</u>	<u>229,763</u>	<u>108,913</u>	<u>921,279</u>	<u>111,275</u>	<u>41,744</u>	<u>153,019</u>	<u>1,074,298</u>
Total Personnel	2,933,121	1,367,787	674,960	4,975,868	789,393	378,106	1,167,499	6,143,367
Office supplies	-	6,077	550	6,627	5,970	827	6,797	13,424
Performance hall expenses	394,979	-	33,550	428,529	-	-	-	428,529
Interest expense	-	-	-	-	229,092	-	229,092	229,092
Postage	5,003	1,442	7,283	13,728	1,324	2,859	4,183	17,911
Credit card processing expenses	-	40,690	39,149	79,839	-	4,756	4,756	84,595
Music purchases and royalties	63,665	-	-	63,665	-	-	-	63,665
Production expense	1,397,108	-	-	1,397,108	-	-	-	1,397,108
Costumes	14,258	-	-	14,258	-	-	-	14,258
Equipment rental and maintenance	73,683	1,679	5,000	80,362	47,627	-	47,627	127,989
Facility expenses and maintenance	288	329,554	-	329,842	60,107	-	60,107	389,949
Telemarketing	-	-	47,085	47,085	-	-	-	47,085
Student programs	-	38,529	-	38,529	-	-	-	38,529
Scholarship	-	392	-	392	-	-	-	392
Photography	-	-	18,297	18,297	-	-	-	18,297
Printing	-	1,272	2,321	3,593	-	7,579	7,579	11,172
Travel expenses	204,690	17,372	375	222,437	-	1,097	1,097	223,534
Janitorial services and supplies	-	19,602	-	19,602	40,257	-	40,257	59,859
Advertising and public relation	-	-	542,910	542,910	8,399	237	8,636	551,546
Mailings	-	-	54,697	54,697	-	-	-	54,697
Cultivation	-	371	-	371	-	159,904	159,904	160,275
Insurance	5,250	-	-	5,250	67,879	-	67,879	73,129
Utilities and telephone	-	34,865	-	34,865	71,946	81	72,027	106,892
Professional services	368,440	101,053	22,019	491,512	80,124	13,405	93,529	585,041
Dues and subscriptions	210	1,429	1,121	2,760	9,269	2,147	11,416	14,176
Human resource expense	-	-	-	-	2,261	-	2,261	2,261
Bad debt expense	-	-	-	-	941,999	-	941,999	941,999
Other	<u>7,862</u>	<u>365</u>	<u>2,167</u>	<u>10,394</u>	<u>112,966</u>	<u>10,768</u>	<u>123,734</u>	<u>134,128</u>
Total Expenses Before Depreciation	5,468,557	1,962,479	1,451,484	8,882,520	2,468,613	581,766	3,050,379	11,932,899
Depreciation	<u>354,310</u>	<u>56,927</u>	<u>-</u>	<u>411,237</u>	<u>294,657</u>	<u>-</u>	<u>294,657</u>	<u>705,894</u>
Total Expenses After Depreciation	<u>\$ 5,822,867</u>	<u>\$ 2,019,406</u>	<u>\$ 1,451,484</u>	<u>\$ 9,293,757</u>	<u>\$ 2,763,270</u>	<u>\$ 581,766</u>	<u>\$ 3,345,036</u>	<u>\$ 12,638,793</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2019

	Production	Centre for Dance Education and Outreach	Marketing and Box Office	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 2,521,661	\$ 1,184,279	\$ 634,804	\$ 4,340,744	\$ 771,239	\$ 438,178	\$ 1,209,417	\$ 5,550,161
Payroll taxes and benefits	<u>623,577</u>	<u>244,097</u>	<u>128,031</u>	<u>995,705</u>	<u>160,899</u>	<u>53,447</u>	<u>214,346</u>	<u>1,210,051</u>
Total Personnel	3,145,238	1,428,376	762,835	5,336,449	932,138	491,625	1,423,763	6,760,212
Office supplies	-	15,822	3,261	19,083	11,772	342	12,114	31,197
Performance hall expenses	450,950	-	43,023	493,973	-	39,260	39,260	533,233
Interest expense	-	-	-	-	192,419	-	192,419	192,419
Postage	26,244	1,115	-	27,359	2,794	9,378	12,172	39,531
Credit card processing expenses	-	51,152	38,104	89,256	-	13,838	13,838	103,094
Music purchases and royalties	31,600	-	-	31,600	-	-	-	31,600
Production expense	1,451,608	1,042	-	1,452,650	141	114,983	115,124	1,567,774
Costumes	27,973	-	-	27,973	-	-	-	27,973
Equipment rental and maintenance	38,136	145	3,750	42,031	60,069	-	60,069	102,100
Facility expenses and maintenance	-	312,816	-	312,816	61,650	-	61,650	374,466
Telemarketing	-	-	40,949	40,949	-	-	-	40,949
Student programs	-	221,795	-	221,795	-	-	-	221,795
Scholarship	-	8,581	-	8,581	-	-	-	8,581
Photography	-	2,000	73,129	75,129	-	1,738	1,738	76,867
Printing	61	1,498	10,119	11,678	-	48,644	48,644	60,322
Travel expenses	174,551	40,665	968	216,184	1,330	2,377	3,707	219,891
Janitorial services and supplies	-	17,548	-	17,548	56,358	-	56,358	73,906
Advertising and public relation	127	-	1,084,848	1,084,975	43,593	4,008	47,601	1,132,576
Mailings	-	-	86,032	86,032	-	-	-	86,032
Cultivation	-	1,189	-	1,189	-	305,995	305,995	307,184
Special Events	-	1,500	-	1,500	-	-	-	1,500
Insurance	5,250	-	-	5,250	59,950	-	59,950	65,200
Utilities and telephone	-	30,789	-	30,789	83,659	-	83,659	114,448
Professional services	411,029	226,938	25,267	663,234	65,526	33,061	98,587	761,821
Dues and subscriptions	-	1,379	1,867	3,246	7,165	5,854	13,019	16,265
Human resource expense	-	-	-	-	1,319	100	1,419	1,419
Capital campaign expense	-	-	-	-	-	20,975	20,975	20,975
Bad debt recoveries	-	-	-	-	(38,301)	-	(38,301)	(38,301)
Nutcracker - outdoor spectacular	-	-	156,500	156,500	-	-	-	156,500
Other	<u>2,339</u>	<u>3,534</u>	<u>5,425</u>	<u>11,298</u>	<u>146,041</u>	<u>40,345</u>	<u>186,386</u>	<u>197,684</u>
Total Expenses Before Depreciation	5,765,106	2,367,884	2,336,077	10,469,067	1,687,623	1,132,523	2,820,146	13,289,213
Depreciation	<u>181,554</u>	<u>56,927</u>	<u>-</u>	<u>238,481</u>	<u>291,194</u>	<u>-</u>	<u>291,194</u>	<u>529,675</u>
Total Expenses After Depreciation	<u>\$ 5,946,660</u>	<u>\$ 2,424,811</u>	<u>\$ 2,336,077</u>	<u>\$ 10,707,548</u>	<u>\$ 1,978,817</u>	<u>\$ 1,132,523</u>	<u>\$ 3,111,340</u>	<u>\$ 13,818,888</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JULY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 738,152	\$ (2,966,674)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:		
Depreciation and amortization	705,894	529,675
Gain on sale of property and equipment	-	(95,000)
Property and equipment contribution	(338,288)	-
Bad debt expense (recoveries)	941,999	(38,301)
Contributions restricted for endowment	-	(196,000)
Net realized and unrealized (gain) loss on investments	(85,834)	11,750
Changes in assets and liabilities:		
Change in:		
Receivables	(24,169)	28,032
Unconditional promises to give	1,063,858	1,616,595
Prepaid expenses and other assets	(11,803)	78,099
Accounts payable and accrued expenses	(327,080)	21,065
Deferred customer deposits	(131,385)	(130,558)
Refundable advance	1,107,806	-
Total adjustments	<u>2,900,998</u>	<u>1,825,357</u>
Net Cash Provided (Required) by Operating Activities	<u>3,639,150</u>	<u>(1,141,317)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(130,964)	(2,345,008)
Proceeds from the sale of property and equipment	-	95,000
Purchase of investments	(371,974)	(583,608)
Proceeds from the sale of investments	<u>432,969</u>	<u>431,846</u>
Net Cash Required by Investing Activities	<u>(69,969)</u>	<u>(2,401,770)</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JULY 31, 2020 AND 2019

(Continued)

	<u>2020</u>	<u>2019</u>
Cash Flows from Financing Activities:		
Net payments under lines of credit	(3,660,037)	(159,627)
Borrowings under promissory notes	-	2,150,000
Contributions restricted for endowment	-	196,000
Net Cash Provided (Required) by Financing Activities	<u>(3,660,037)</u>	<u>2,186,373</u>
 Change in Cash and Cash Equivalents and Restricted Cash		
Increase (decrease) to cash and cash equivalents	175,728	(628,385)
Decrease to restricted cash	<u>(266,584)</u>	<u>(728,329)</u>
Net Decrease in Cash and Cash Equivalents and Restricted Cash	<u>(90,856)</u>	<u>(1,356,714)</u>
 Cash and Cash Equivalents and Restricted Cash at Beginning of Year	 <u>354,650</u>	 <u>1,711,364</u>
 Cash and Cash Equivalents and Restricted Cash at End of Year	 <u>\$ 263,794</u>	 <u>\$ 354,650</u>
 <u>Supplemental Disclosure of Cash Flow Information:</u>		
 Cash paid for interest	 <u>\$ 210,555</u>	 <u>\$ 194,635</u>

The accompanying notes are an integral part of these financial statements.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Atlanta Ballet, Inc. (the “Organization”) was formed in 1929 and incorporated under the laws of the state of Georgia in 1969. The purpose of the Organization is to actively serve the Atlanta community by providing enlightened arts education opportunities, inspire a diversity of audiences with a broad stylistic range of dance repertoire and to honor our past and contribute to the legacy of the art of ballet in an enduring way. The Organization’s revenue is generated primarily through ticket sales to the general public and tuition from students. Additional sources of revenue include support from contributions and grants from corporations, foundations and individuals.

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

New Accounting Policies

Effective August 1, 2019, the Organization adopted ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) and the related ASUs, which provided new guidance for revenue recognized from contracts with customers and replaced the previously existing revenue recognition guidance. ASU 2014-09 requires that revenue be recognized at an amount the Organization is entitled to upon transferring control of goods or services to customers, as opposed to when risks and rewards transfer to a customer. The Organization adopted ASU 2014-09 using the full retrospective approach.

The Organization adopted ASU 2014-09 using the full retrospective approach. The adoption of ASU 2014-09 did not have a significant impact on the Organization’s consolidated financial statements. No changes were required to previously reported revenues or the beginning net asset balance as a result of the adoption of ASU 2014-09, nor were any contract assets or contract liabilities created upon adoption of the standard. Based on the Organization’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Policies (Continued)

Effective August 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”. The amendments in this update provide a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. This amendment also provides additional clarification as to whether or not a contribution is conditional. The adoption of the ASU did not have a material impact on the Organization’s financial position, results of operations and cash flows as of and for the year ended July 31, 2020.

Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- 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 Organization.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, unconditional promises to give and investments. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable and unconditional promises to give balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Endowment

FASB requires the following financial statement disclosures for the Organization for the years ended July 31, 2020 and 2019:

- Classification of net assets

Endowment funds are used to account for investments in which the principal is donor restricted or Board-designated for a specific purpose.

- Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) under the state of Georgia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment (Continued)

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

- Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Organization, the endowment assets are invested in a manner to attain an average annual real total return, net of investment management fees, of at least 5% over the long term. The annual real return should equal or exceed the spending rate indicated in the Organization's spending policy described below. Actual returns in any given year may vary from this amount.

- Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment (Continued)

- Spending Policy

The Organization has a spending policy approved by the Organization’s Board of Trustees that is designed to ensure that the real value of both the funds and of the spending stream is maintained over time. The Organization may draw an amount on the endowment net asset value equal to 5% of the fiscal 12 month average.

- Underwater Endowment Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization complied with the Georgia Prudent Management of Institutional Funds Act, an enacted version of UPMIFA, and has interpreted UPMIFA to permit spending from underwater endowment funds at July 31, 2020. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. At July 31, 2020 and 2019, the Organization did not have any endowments that were underwater.

Changes in endowment net assets for years ended July 31, 2020 and 2019 are as follows:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Endowment net assets, July 31, 2018	\$ -	\$ 1,535,511	\$ 1,535,511
Contributions collected	-	196,000	196,000
Investment income, net	-	24,508	24,508
Earnings used in operations	-	(80,496)	(80,496)
Endowment net assets, July 31, 2019	-	1,675,523	1,675,523
Investment income, net	-	110,304	110,304
Earnings used in operations	-	(85,465)	(85,465)
Endowment net assets, July 31, 2020	<u>\$ -</u>	<u>\$ 1,700,362</u>	<u>\$ 1,700,362</u>

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment (Continued)

The Organization was the beneficiary, but not the legal owner, of two donated endowments held and controlled by The Community Foundation of Greater Atlanta, Inc. (the “Foundation”). During 2020, the Foundation gifted both endowments in the amount of approximately \$3,191,000 based on the donor's recommendation to be utilized for general expenditure purposes. Since the funds were held in donor advised funds, the Organization did not record the endowed funds as assets. For the year ended July 31, 2019, the Organization received income earned on these endowment funds of approximately \$146,000 and recorded these as contributions and grants in the accompanying statement of activities and changes in net assets.

Production Development

Production development includes artistic licenses for various productions. The Organization has the right to perform the productions over the license periods that range from two to seven years. The Organization’s policy is to amortize artistic licenses over the applicable license period. For the years ended July 31, 2020 and 2019, production development amortization expense was \$20,101 and \$32,095, respectively.

Investments

The Organization’s investments in equity securities with a readily determinable market value and all investments in debt securities are reported at fair market value with gains and losses included in the statement of activities and changes in net assets.

Fair Values Measured on Recurring Basis

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements).

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The table below represents fair value measurement hierarchy of the Organization's net assets at fair value as of July 31:

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 137,698	\$ -	\$ -	\$ 137,698
Mutual funds & ETFs	340,093	-	-	340,093
Equities	<u>1,222,571</u>	<u>-</u>	<u>-</u>	<u>1,222,571</u>
	<u>\$ 1,700,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,362</u>

	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 416,139	\$ -	\$ -	\$ 416,139
Mutual funds & ETFs	846,756	-	-	846,756
Equities	<u>412,628</u>	<u>-</u>	<u>-</u>	<u>412,628</u>
	<u>\$ 1,675,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,675,523</u>

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Property and Equipment

It is the policy of the Organization to capitalize property and equipment in excess of \$2,500. The cost of the property is depreciated over the estimated useful lives of the related assets using the straight-line method. Organization property and equipment is depreciated over lives ranging from 3 to 30 years.

Maintenance expenses are expensed as incurred. Costs for the creation of new productions, including sets, costumes, and choreography, are capitalized and depreciated on a straight-line basis over the estimated life of the production.

Impairment

The Organization evaluates the recoverability of its long-lived assets in accordance with GAAP. GAAP requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. If impairment is indicated, the carrying amount of the asset is written down to fair value. In the opinion of management, no long-lived assets were impaired as of July 31, 2020 and 2019.

Recognition of Revenue

The Organization recognizes revenue for ticket sales, Centre for dance education and outreach fees, and merchandise sales on the satisfaction of performance obligations. Performance obligations are determined based on the service provided by the Organization. The following explains the performance obligations and satisfaction of performance obligations related to each revenue stream.

Ticket sales - Ticket sales revenues are associated with tickets sold for shows produced by the Organization. Ticket sales are recognized when the show occurs for which the ticket relates. Amounts not earned by the end of the fiscal year are reported as deferred customer deposits.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Revenue (Continued)

Centre for dance education and outreach fees – Centre for dance education and outreach fees revenues are associated with tuition from educational classes held by the Organization. This revenue is recognized at a point in time once performance obligations are satisfied. Amounts not earned by the end of the fiscal year are reported as deferred customer deposits.

Merchandise sales - Revenue related to merchandise sales activities is primarily recognized at point of sale as the merchandise has been provided in full by the Organization.

Payroll Protection Program - In April 2020, the Organization obtained a Small Business Administration (“SBA”) loan under the Paycheck Protection Program (“PPP”) totaling \$1,107,806. The PPP loan bears interest at 1% and beginning in December 2020, requires monthly payments of principal and interest through May 2022, at which time the outstanding balance is due in full. Under the terms of Coronavirus Aid, Relief, and Economic Securities Act (the “Cares Act”), the Organization may apply for PPP loan proceeds used within twenty-four weeks of funding receipt to be forgiven with the lending institution, provided the proceeds are used to cover certain payroll and other expenses as defined by the Cares Act. The Organization is treating the loan as a conditional grant under ASU 2018-08 as the grant has barriers. The Organization interpreted the grant to have conditional requirements surrounding the full-time equivalent requirement. Once the Organization has met all the requirements of the grant, they will recognize the revenue.

Contributions

The Organization accounts for contributions in accordance with GAAP. Unconditional promises to give and contributions received are recorded as increases to net assets with or without donor restrictions depending on the existence or nature of donor restrictions which limit the use of the donated assets.

Accordingly, the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. For the year ended July 31, 2020, 45% of contributions and grants were from one donor. For the year ended July 31, 2019, there were no significant contributions or grants received from an individual donor.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

The Organization records gifts of land, buildings and equipment as increases to net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as increases to net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The value of donated equipment without donor restrictions totaled \$338,288 in 2020. There were no such items gifted in 2019.

Land held for sale, donated goods, other assets and marketable securities acquired by gift are recorded at their fair market value on the date of receipt. The value of donated goods, such as advertising, rent, and travel, included in the financial statements as contributions and as a corresponding expense were approximately \$20,000 in 2020 and \$280,000 in 2019. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services. If donated services received either created or enhanced non-financial assets or required specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with GAAP.

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Functional Allocation of Expenses

The cost of providing the Organization's various programs and other activities has been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Expenses are charged directly to program, management and general, or fundraising based on a combination of specific identification and allocation by management. Accordingly, certain costs have been allocated between the program and supporting services benefited. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for tax years ending before July 31, 2017.

Risks and Uncertainties

The Organization has experienced a disruption of normal business operations caused from COVID-19 during 2020 and through the date of this report. The overall financial impact cannot be determined, however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

At July 31, unconditional promises to give were as follows:

	<u>2020</u>	<u>2019</u>
Program	\$ 1,961,128	\$ 3,703,257
General operations	231,979	578,843
Centre for dance education and outreach	-	250,000
	<u>2,193,107</u>	<u>4,532,100</u>
Less discount for present value	(476,851)	(778,010)
Less allowance for doubtful accounts	(35,376)	(67,353)
	<u>\$ 1,680,880</u>	<u>\$ 3,686,737</u>

At July 31, 2020 and 2019, unconditional promises to give were discounted to their present values using an interest rate ranging from 3.40% to 5.50%.

The estimated future cash flows for the years ending July 31 are as follows:

2021	\$ 901,979
2022	717,128
2023	574,000
	<u>\$ 2,193,107</u>

During 2014, the Organization initiated its multi-year campaign to build its endowment, cash reserve for general operations, and program initiatives, including a new production of the *Nutcracker*. At July 31, 2020, the Organization had received campaign pledges approximating \$13,400,000 and had collected approximately \$11,600,000.

At July 31, 2020, 84% of unconditional promises to give was from one donor. At July 31, 2019, 73% of unconditional promises to give was from two donors.

Subsequent to July 31, 2020, the Organization initiated a multi-year campaign in response to COVID-19. The campaign will build the Organization's cash reserve for general operations.

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at July 31:

	<u>2020</u>	<u>2019</u>
Stage equipment	\$ 1,952,619	\$ 1,595,877
Costumes	1,478,250	1,390,943
Office equipment	714,224	714,224
Furniture and fixtures	201,923	201,923
Leasehold improvements	366,378	346,494
Building	9,417,040	9,405,056
Land	1,360,603	1,360,603
Land improvements	44,265	44,265
Production in progress	-	6,667
Nutcracker	<u>3,942,398</u>	<u>3,942,398</u>
	19,477,700	19,008,450
Less accumulated depreciation and amortization	<u>(5,971,147)</u>	<u>(5,342,965)</u>
Total property and equipment, net	<u>\$ 13,506,553</u>	<u>\$ 13,665,485</u>

Depreciation and amortization expense for the years ended July 31, 2020 and 2019 was \$705,894 and \$529,675, respectively.

NOTE 4 – BORROWING ARRANGEMENTS

Lines of Credit

The Organization entered into a \$2,000,000 line of credit agreement with a financial institution. The line of credit carried interest at the London Interbank Offered Rate (LIBOR) plus 3.25%. The line was secured by the assets of the Organization and expired on April 1, 2020. Total outstanding borrowings under the line of credit were \$833,870 at July 31, 2019. The line of credit was paid off and terminated during 2020.

The Organization entered into a \$500,000 line of credit agreement with a member of the Board of Trustees. The line of credit carried interest at LIBOR and 3.25%. The line was open-ended and was not required to be secured by collateral. During 2019, the line of credit was paid in full.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 4 – BORROWING ARRANGEMENTS (Continued)

Lines of Credit (Continued)

The Organization entered into a \$5,000,000 line of credit agreement with a financial institution to fund production of a new ballet. During 2020, the line of credit was amended to reduce maximum borrowings from \$5,000,000 to \$1,500,000. The line of credit carries interest at the greater of LIBOR or 0.5% plus 3.25% (an effective rate of 3.75% at July 31, 2020). The line is secured by the assets of the Organization and expires on March 31, 2021. The line of credit contains a restrictive covenant whereby the amount available under the line is limited to 90% of eligible unconditional promises to give specifically for the new ballet production. At July 31, 2020, the Organization was in compliance with these debt covenant requirements. There were no outstanding borrowings under the line of credit at July 31, 2020. Total outstanding borrowings under the line of credit were \$2,826,167 at July 31, 2019.

During 2020, the Organization entered into a \$1,750,000 line of credit agreement with a financial institution. The line of credit carried interest at LIBOR plus 3.25%. The line was secured by the assets of the Organization and expired on January 16, 2020.

Promissory Notes

The Organization entered into a \$650,000 promissory note agreement with a member of the Board of Trustees. The note bears interest at 4% and does not have a maturity date. The note is unsecured. Outstanding borrowings under the note were \$650,000 at July 31, 2020 and 2019.

The Organization entered into a \$1,500,000 promissory note agreement with a member of the Board of Trustees. The note bears interest at 5.81% and expires on April 1, 2024 at which time any unpaid principal and interest is due. The note is not required to be secured by collateral. Outstanding borrowings under the note were \$1,500,000 at July 31, 2020 and 2019.

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 5 – CONTRACT LIABILITIES

The following table provides details of the Organization’s contract liabilities at July 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contract Liabilities - Unearned Income:			
Deferred ticket sales	\$ 416,861	\$ 361,052	\$ 442,970
Deferred sponsorships	177,143	196,409	233,650
Deferred tuition	281,849	449,777	461,176
	<u>\$ 875,853</u>	<u>\$ 1,007,238</u>	<u>\$ 1,137,796</u>

NOTE 6 – OPERATING LEASE OBLIGATIONS

The Organization leases certain warehouse and dance studio space under non-cancelable operating leases. The following is a schedule by years of minimum future rentals on non-cancelable operating leases for years ending July 31:

2021	\$ 226,039
2022	232,819
2023	135,098
2024	139,150
2025	46,839
	<u>\$ 779,945</u>

Lease expense for 2020 and 2019 approximated \$312,000 and \$291,000, respectively.

NOTE 7 – RELATED-PARTY TRANSACTIONS

During 2020 and 2019, the Organization received contributions from members of the Board and entities with common Board members. During the years ended July 31, 2020 and 2019, contributions collected from such related parties were approximately \$1,017,000 and \$685,000, respectively. Undiscounted promises to give from related parties were approximately \$2,067,000 and \$3,650,000 at July 31, 2020 and 2019, respectively.

The Organization also has two promissory notes from Board members as further described in Note 4.

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose or passage of time:		
Program	\$ -	\$ 527,340
Center for Dance Education and outreach	500,000	1,250,000
Promises to give that are not restricted by donors, but which are unavailable for expenditures until due	155,916	242,273
Cash reserve fund	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,655,916</u>	<u>3,019,613</u>
 Endowments:		
Subject to spending policy and appropriation:		
Investments in perpetuity (including accumulated investment gains of \$179,971 and \$155,132 for July 31, 2020 and 2019, respectively), which once appropriated, are expendable to support:		
General operations	299,652	290,620
Productions	538,627	537,700
Scholarship	626,486	616,702
Music Endowment	<u>235,597</u>	<u>230,501</u>
	<u>1,700,362</u>	<u>1,675,523</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 3,356,278</u>	 <u>\$ 4,695,136</u>

**ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Cash Reserve Fund

In 2012, the Organization received a \$1,000,000 donation to establish a fund to provide cash flow for specified activities. Under the terms of the agreement, borrowings from the cash reserve fund must be approved by the Organization's Finance Committee and must have a written plan for repayment of the funds. The donor-designated cash reserve account is reported as with donor restricted net assets, and the earnings are recorded as without donor restricted net assets. The Finance Committee recommended and Board of Trustees approved a resolution for the donor-designated cash reserve account to require a full repayment of the outstanding borrowings at least once during each fiscal year. The Organization meets this requirement each year. The Organization had outstanding borrowings of \$994,913 and \$728,329 from the cash reserve funds at July 31, 2020 and 2019, respectively.

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended July 31:

	<u>2020</u>	<u>2019</u>
Program restrictions	\$ 915,218	\$ 1,168,545
Nutcracker - placed into service	-	2,513,218
Building repair and maintenance	-	224,711
Time restrictions	164,550	167,663
Pledge write-off	480,000	-
	<u>\$ 1,559,768</u>	<u>\$ 4,074,137</u>

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers cash and cash equivalents, endowments appropriated for the following year, receivables, and unconditional promises to give that were restricted for time only and will be collected and available within one year for use by the Organization. The Organization’s financial assets available for general expenditures within one year at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 258,707	\$ 82,979
Restricted cash	5,087	271,671
Receivables, net	44,762	20,593
Unconditional promises to give, net	1,680,880	3,686,737
Endowment	<u>1,700,362</u>	<u>1,675,523</u>
Financial assets, at year end	3,689,798	5,737,503
Less those unavailable for general expenditures within one year, due to:		
Restricted cash	(5,087)	(271,671)
Restricted by donor with time or purpose restrictions	(655,916)	(2,019,613)
Unconditional promises to give not available	(1,291,128)	(1,668,277)
Endowment funds not appropriated for spending in the following year	<u>(1,620,362)</u>	<u>(1,595,523)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 117,305</u>	<u>\$ 182,419</u>

As a part of the Organization’s liquidity management, it has a practice of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. During the last five months of the Organization’s fiscal year (March-July), the Georgia Public Health State of Emergency required cancellation of three productions and the closure of the Centre for Dance Education. A Payroll Protection Program loan was received allowing employees to continue to be paid without having to increase debt. With the continuation of the Public Health State of Emergency in 2021, Nutcracker cannot be performed, and the spring season has been shifted to virtual experiences, while the Centre for Dance Education continues to operate on a limited basis. A three-year campaign called Back to the Stage, has been launched to raise funds to cover general operating shortfalls in 2021 and 2022. A line of credit is available to draw upon in order to manage cash flowing needs.

ATLANTA BALLET, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020 AND 2019

NOTE 11 – REALIZATION OF ASSETS

The Organization is dependent upon contributions, grants, and other public support for its revenues. The ability of the Organization's contributors, grantors and supporters to give amounts comparable with previous years is greatly dependent upon current and future overall programmatic and economic conditions. The Organization has developed multiple financial and operational plans to cover multiple scenarios due to the impacts of COVID and uncertainly when the Organization's programs and season will return to full capacity. Plans includes expense reduction as well as a campaign. The Back to the Stage campaign began in late 2020 and has raised approximately \$833,000. While the Organization believes it has the resources to continue its programs through July 2021 and beyond, its ability to do so is dependent upon the above factors.