

PITTSBURGH BALLET THEATRE, INC.  
Pittsburgh, Pennsylvania

Financial Statements  
and  
Supplementary Information  
For the years ended June 30, 2022 and 2021  
and Independent Auditor's Report Thereon



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## INDEPENDENT AUDITOR’S REPORT

Board of Trustees  
Pittsburgh Ballet Theatre, Inc.  
Pittsburgh, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of the Pittsburgh Ballet Theatre, Inc. (Ballet) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ballet as of June 30, 2022 and 2021, 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 (U.S. GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ballet and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballet’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ballet's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ballet's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

*Schneider Downs & Co., Inc.*

Pittsburgh, Pennsylvania  
February 17, 2023

PITTSBURGH BALLET THEATRE, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2022	2021
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,654,103	\$ 2,445,982
Accounts receivable	126,555	48,524
Pledges receivable	432,362	481,290
Government grant receivable	-	612,678
Prepaid expenses and other current assets	379,379	298,683
Total Current Assets	6,592,399	3,887,157
<b>ENDOWMENT AND RESTRICTED ASSETS</b>		
Cash and cash equivalents	1,524,182	256,775
Investments	11,195,629	10,343,518
	12,719,811	10,600,293
<b>INVESTMENT HELD BY TRUST</b>	353,955	434,139
<b>PLEDGES RECEIVABLE</b>	115,000	332,500
<b>FIXED ASSETS, net</b>	9,232,706	9,856,170
<b>PRODUCTION ASSETS</b> (less accumulated amortization of \$825,123 and \$823,123 in 2022 and 2021, respectively)	189,668	191,668
Total Assets	\$ 29,203,539	\$ 25,301,927
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payments due within one year on long-term debt	\$ 3,731	\$ 4,271
Line of credit	835,286	835,286
Accounts payable and accrued expenses	434,300	281,654
Deferred revenue	1,215,905	1,271,392
Total Current Liabilities	2,489,222	2,392,603
<b>LONG-TERM DEBT</b>	142,639	145,729
<b>OTHER LONG-TERM LIABILITIES</b>	130,000	120,000
<b>NET ASSETS</b>		
Without Donor Restrictions	5,593,798	5,589,699
With Donor Restrictions	20,847,880	17,053,896
Total Net Assets	26,441,678	22,643,595
Total Liabilities And Net Assets	\$ 29,203,539	\$ 25,301,927

See notes to financial statements.

PITTSBURGH BALLET THEATRE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE	\$ 4,842,639	-	\$ 4,842,639	\$ 1,261,804	-	\$ 1,261,804
OPERATING EXPENSES	<u>(12,028,316)</u>	<u>-</u>	<u>(12,028,316)</u>	<u>(8,475,732)</u>	<u>-</u>	<u>(8,475,732)</u>
Changes In Net Assets Before Public And Private Support, Releases From Restrictions And Depreciation On Leaseholds, Machinery And Equipment And Land Improvements	(7,185,677)	-	(7,185,677)	(7,213,928)	-	(7,213,928)
PUBLIC AND PRIVATE SUPPORT	<u>6,292,059</u>	<u>\$ 7,335,744</u>	<u>13,627,803</u>	<u>6,888,934</u>	<u>\$ 2,937,737</u>	<u>9,826,671</u>
Changes In Net Assets Before Releases From Restrictions And Depreciation On Leaseholds, Machinery And Equipment And Land Improvements	(893,618)	7,335,744	6,442,126	(324,994)	2,937,737	2,612,743
NET ASSETS RELEASED FROM OPERATING RESTRICTIONS						
Investment income spending	468,000	(468,000)	-	425,000	(425,000)	-
Other support	<u>1,155,573</u>	<u>(1,155,573)</u>	<u>-</u>	<u>741,343</u>	<u>(741,343)</u>	<u>-</u>
Total Net Assets Released From Operating Restrictions	<u>1,623,573</u>	<u>(1,623,573)</u>	<u>-</u>	<u>1,166,343</u>	<u>(1,166,343)</u>	<u>-</u>
Changes In Net Assets From Operations	729,955	5,712,171	6,442,126	841,349	1,771,394	2,612,743
Net realized and unrealized (losses) gains, interest and dividends	-	(1,918,187)	(1,918,187)	-	2,282,233	2,282,233
Depreciation on leaseholds, machinery and equipment and land improvements	<u>(725,856)</u>	<u>-</u>	<u>(725,856)</u>	<u>(720,101)</u>	<u>-</u>	<u>(720,101)</u>
Changes In Net Assets	4,099	3,793,984	3,798,083	121,248	4,053,627	4,174,875
NET ASSETS						
Beginning of year	<u>5,589,699</u>	<u>17,053,896</u>	<u>22,643,595</u>	<u>5,468,451</u>	<u>13,000,269</u>	<u>18,468,720</u>
End of year	<u>\$ 5,593,798</u>	<u>\$ 20,847,880</u>	<u>\$ 26,441,678</u>	<u>\$ 5,589,699</u>	<u>\$ 17,053,896</u>	<u>\$ 22,643,595</u>

See notes to financial statements.

PITTSBURGH BALLET THEATRE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Activities			Total Program Activities	Supporting Activities		Total Supporting Activities	Totals
	Performances	School	Arts Education		Management and General	Fundraising and Special Events		2022
Salaries, wages, fees and fringe benefits	\$ 4,312,495	\$ 938,494	\$ 343,307	\$ 5,594,296	\$ 1,125,066	\$ 587,900	\$ 1,712,966	\$ 7,307,262
Production costs	2,033,868	574,479	23,277	2,631,624	-	-	-	2,631,624
Depreciation/amortization	475,644	290,675	4,988	771,307	28,357	20,227	48,584	819,891
Marketing	487,129	-	-	487,129	17,757	-	17,757	504,886
Occupancy	174,032	99,059	-	273,091	13,080	10,578	23,658	296,749
Development and special events	-	-	-	-	-	350,479	350,479	350,479
Professional fees and other	355,615	-	-	355,615	164,199	74,917	239,116	594,731
In-kind	222,438	-	-	222,438	-	26,112	26,112	248,550
<b>Total Functional Expenses</b>	<b>\$ 8,061,221</b>	<b>\$ 1,902,707</b>	<b>\$ 371,572</b>	<b>\$ 10,335,500</b>	<b>\$ 1,348,459</b>	<b>\$ 1,070,213</b>	<b>\$ 2,418,672</b>	<b>\$ 12,754,172</b>

See notes to financial statements.

PITTSBURGH BALLET THEATRE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Activities</u>			<u>Supporting Activities</u>			<u>Totals</u>	
	<u>Performances</u>	<u>School</u>	<u>Arts Education</u>	<u>Total Program Activities</u>	<u>Management and General</u>	<u>Fundraising and Special Events</u>	<u>Total Supporting Activities</u>	<u>2021</u>
Salaries, wages, fees and fringe benefits	\$ 3,382,720	\$ 705,002	\$ 319,242	\$ 4,406,964	\$ 992,160	\$ 493,117	\$ 1,485,277	\$ 5,892,241
Production costs	1,119,723	250,853	8,829	1,379,405	-	-	-	1,379,405
Depreciation/amortization	467,661	232,945	5,228	705,834	28,458	20,309	48,767	754,601
Marketing	90,082	-	-	90,082	10,329	-	10,329	100,411
Occupancy	155,495	86,115	-	241,610	11,572	9,359	20,931	262,541
Development and special events	-	-	-	-	-	83,526	83,526	83,526
Professional fees and other	250,401	-	-	250,401	85,943	63,724	149,667	400,068
In-kind	261,728	-	-	261,728	59,315	1,997	61,312	323,040
<b>Total Functional Expenses</b>	<b><u>\$ 5,727,810</u></b>	<b><u>\$ 1,274,915</u></b>	<b><u>\$ 333,299</u></b>	<b><u>\$ 7,336,024</u></b>	<b><u>\$ 1,187,777</u></b>	<b><u>\$ 672,032</u></b>	<b><u>\$ 1,859,809</u></b>	<b><u>\$ 9,195,833</u></b>

See notes to financial statements.



PITTSBURGH BALLET THEATRE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 3,798,083	\$ 4,174,875
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	819,891	754,601
Net realized and unrealized losses (gains) on investments	2,143,639	(2,154,674)
Contributions restricted for investment in endowment	(51,711)	(5,000)
Changes in assets and liabilities:		
Accounts receivable	(58,031)	14,306
Pledges receivable	236,428	(196,005)
Government grant receivable	612,678	(612,678)
Prepaid expenses	(80,696)	157,109
Accounts payable and accrued expenses	152,646	158,656
Deferred revenue	(55,487)	341,341
Deferred grant revenue	-	(1,085,400)
Other long-term liabilities	10,000	120,000
Net Cash Provided By Operating Activities	<u>7,527,440</u>	<u>1,667,131</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and production assets	(194,427)	(1,576,994)
Proceeds from sale of investments	5,207,410	2,756,387
Purchase of investments	(8,122,976)	(2,606,076)
Net Cash Used In Investing Activities	<u>(3,109,993)</u>	<u>(1,426,683)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of credit, net	-	515,956
Payments on long-term debt	(3,630)	-
Proceeds from long-term debt	-	150,000
Contributions restricted for investment in endowment	61,711	104,258
Net Cash Provided By Financing Activities	<u>58,081</u>	<u>770,214</u>
 Net Increase In Cash And Cash Equivalents	 4,475,528	 1,010,662
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,702,757</u>	<u>1,692,095</u>
End of year	<u>\$ 7,178,285</u>	<u>\$ 2,702,757</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 42,466</u>	<u>\$ 19,887</u>

See notes to financial statements.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1 - ORGANIZATION

The Pittsburgh Ballet Theatre, Inc. (Ballet) is committed to being Pittsburgh's source and ambassador for extraordinary ballet experiences that give life to the classical tradition, nurture new ideas and, above all, inspire. The Ballet relies principally on contributions, ticket sales, tour performances, boutique sales, special events and the operation of a ballet school to fund its operating costs.

The Ballet has multiple collective bargaining agreements covering costume dressers, which expires June 30, 2025; orchestra musicians of the work force, which expires June 30, 2024; stagehands, which expires June 30, 2025; and dancers, which expires June 30, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain 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.

Accounts of the Ballet are organized on the basis of net assets. Net assets without donor restrictions account for all resources over which there are no donor restrictions or stipulations, and the Ballet's Board of Trustees (Board) has discretionary control to use in carrying out the operations of the Ballet. Net assets with donor restrictions are those resources expendable only for purposes specified by the donor or grantor. Some donor-imposed stipulations are temporary in nature, such as those that may or will be satisfied by actions of the Ballet and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that the assets be maintained in perpetuity by the Ballet.

Contributions without donor restrictions are recorded as revenue when received or pledged. Contributions with donor restrictions are reclassified to contributions without donor restrictions and reported in the statement of activities as revenues if a restriction is met in the same period the revenue is recognized. Net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restriction when a stipulated time restriction ends or purpose restriction is accomplished. Conditional promises to give are not included as support until the conditions are substantially met.

Ticket and advertising sales collected for performances of the upcoming season are included in deferred revenue and recognized as revenue in the year such performances are completed. Deferred revenues also are composed of tuition and housing revenues for amounts received in advance of the period in which they relate.

The Ballet evaluates the need for an allowance for doubtful accounts based on historical collection, experience, a review of current status of the receivables and judgment. Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. Management has determined that an allowance is not necessary at either June 30, 2022 or 2021. It is reasonably possible that the Ballet's estimate of uncollectible receivables could change.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the statement of cash flows, the Ballet considers all interest-bearing money market funds and noninterest-bearing accounts to be cash or cash equivalents. The Ballet maintains, at various financial institutions, cash that may exceed federally insured amounts at times. In accordance with a grant agreement, the Ballet is required to maintain a cash reserve fund, which is to be fully funded at the conclusion of each fiscal year or for a period of 30 consecutive days during the fiscal year. The Ballet has met the requirements of this covenant for the years ended June 30, 2022 and 2021.

Investments are recorded at fair value. The change in unrealized appreciation on investments is the difference between the excess of fair market value over the cost of the portfolio at the end of the current period and the difference at the end of the prior period. Realized gains on security transactions are the result of all gains and losses realized in the current period using the specific identification method. Investments received by gift are recorded at market value on the date of the donation.

Investments are exposed to various risks, such as interest rates and credit conditions. Due to the level of risk associated with investments and the level of uncertainty related to the change in the value of investments, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the statement of financial position.

The cost of costumes, sets and props and production costs for major, recurring ballets are capitalized and depreciated on a units-of-performance basis. All other costs are charged to operations as incurred.

Furniture and fixtures and machinery and equipment are recorded at cost or, with respect to acquisition by gift, at market value at the date of acquisition, and are depreciated on the straight-line basis over the estimated useful life of the assets ranging from three to 15 years.

Leasehold and land improvements are recorded at cost and are amortized over the remaining life of the lease or the estimated useful life of the improvements, whichever is less.

The costs of providing the Ballet's various programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Salaries, wages, fees and fringe benefits are allocated on the basis of time and effort. All other expenses are allocated based on actual usage. These expenses are allocated on a reasonable basis that is consistently applied.

The Ballet is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the financial statements. The Ballet's statements of financial position at June 30, 2022 and 2021 do not include any liabilities associated with uncertain tax positions; further, the Ballet has no unrecognized tax benefits. There were no interest or penalties recognized in the statements of activities for the years ended June 30, 2022 and 2021. The Ballet is no longer subject to examinations of its tax returns for years before 2019.

Generally, advertising costs are expensed in the period incurred; however, the Ballet may from time to time defer advertising costs related to specific productions and expense such costs in the period in which the productions take place. Advertising expense for the fiscal years 2022 and 2021 approximated \$332,000 and \$45,000, respectively.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Under Accounting Standards Codification (ASC) Topic 606, revenue is recognized in accordance with a five-step model, which includes: identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when (or as) each performance obligation is satisfied.

Revenue reported on the statement of changes in net assets that was derived from contracts with customers primarily includes ticket and tour sales, school revenue, special event revenue, boutique sales and program advertising. Revenue from contributions, grants, investment income, and net realized and unrealized gains on investments is not derived from contracts with customers.

Revenues derived from the sale of tickets to attend performances, either through subscription (group) or single ticket sales, are recognized when the Ballet satisfies its performance obligation under the contract by transferring the promised service (performance) to its customer. Ticket sales are recognized at the point in time in which the related performance occurs. Revenue is measured as the amount of consideration the Ballet expects to receive in exchange for transferring the services to the customer. Payment terms are either payment in advance or immediate payment. Ticket purchases and season subscriptions for the upcoming season are considered a contract liability and are included in deferred revenue in the statement of financial position upon receipt and recognized as revenue at a point in time when the event satisfying the performance obligation occurs.

Revenues derived from tuition, housing and other services offered by the school are recognized over time when the Ballet satisfies its performance obligation under the contract by delivering the promised service (academic programs, housing and other services) to the students. Tuition, housing and other services are recognized over time as the programs are delivered to students, because the students simultaneously receive and consume the benefits provided by the Ballet's performance as it performs. Tuition and housing payments received in advance of the period in which they relate are considered a contract liability and are included in deferred revenue in the statement of financial position upon receipt and recognized as revenue over time when the events occur satisfying the performance obligation. The Ballet has elected to use an input measure of progress to recognize revenue based on time elapsed.

Revenues derived from special events are recognized when the Ballet satisfies its performance obligation under the contract by transferring the promised service (the special event) to its customer. Special event revenue is recognized at the point in time in which the related event occurs. Payments received for an upcoming event are considered a contract liability and are included in deferred revenue in the statement of financial position upon receipt and recognized as revenue over time when the events occur satisfying the performance obligation.

Boutique sales are derived from sales of merchandise related to the Ballet. These sales are recognized at a point in time upon payment because the customers simultaneously receive and consume the benefits provided by the Ballet upon payment, which is when the Ballet satisfies its performance obligation.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program advertising revenue is derived from customers' advertising during the Ballet's programs. This revenue is recognized as revenue over time throughout the period of the advertisement, which is when the Ballet satisfies its performance obligation. The Ballet has elected to use an output measure of progress to recognize revenue based on time elapsed.

Revenue recognized over and at a point in time for the year ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Revenue recognized at a point in time	\$ 2,790,200	\$ 137,792
Revenue recognized over time	<u>2,052,439</u>	<u>1,124,012</u>
	<u>\$ 4,842,639</u>	<u>\$ 1,261,804</u>

Recently Adopted Accounting Pronouncements - In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07 Not-for-Profit Entities (Topic 958) (ASU 2020-07), related to Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU is intended to improve financial reporting by providing new presentation and disclosure requirements on contributed nonfinancial assets. The Ballet is required to create a separate line item on the statement of activities to include contributed nonfinancial items, separated from contributions of cash and other financial assets. Enhanced disclosures will include disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial asset and further information about each category of contributed nonfinancial asset recognized. ASU 2020-07 is effective for annual reporting periods beginning after June 15, 2021 and early adoption is permitted. The Ballet adopted the provisions of ASU 2020-07 with no significant impact to its financial statements.

Recently Issued Accounting Pronouncements - In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU is expected to impact the Ballet's financial statements, since the Ballet has certain operating lease arrangements for which it is the lessee and others for which it is the lessor. ASU 2016-02 supersedes the previous leases standard, Leases (Topic 840). The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Ballet is assessing the impact that ASU 2016-02 will have on its financial statements.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through February 17, 2023, the date that the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to the disclosures in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date without donor or other restrictions limiting their use include the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,654,103	\$ 2,445,982
Accounts receivable	126,555	48,524
Pledges receivable without donor restrictions	119,362	207,490
Government grant receivable	-	612,678
Endowment appropriated for current use	<u>467,896</u>	<u>468,569</u>
	<u>\$ 6,367,916</u>	<u>\$ 3,783,243</u>

As part of the Ballet's liquidity management, it has two line-of-credit agreements with maximum borrowings of \$1,000,000 and \$1,500,000. (See Note 9.) At June 30, 2022, there was approximately \$835,000 of outstanding borrowings. The Ballet has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Ballet's funds include net assets with donor restrictions that are subject to expenditure for specific purposes, and, therefore, are not available for general expenditure.

The Ballet's endowment consists of various investment funds established or designated primarily for support of the organization's mission. As described in Note 4, the Ballet annually elects a spending rate of between 2% and 7% for use in current and future operations.

For purposes of analyzing resources available to meet general expenditures, the Ballet considers all expenditures related to ongoing activities of the Ballet's program implementation, general and administrative functions and fundraising to be general expenditures.

NOTE 4 - ENDOWMENT

The Ballet's endowment consists of donor-restricted investment funds established for perpetual support of the organization's mission. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Ballet to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 4 - ENDOWMENT (Continued)

Interpretation of Relevant Law - The Board has elected to be governed by the Commonwealth of Pennsylvania's Act 141 (Act 141), a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's donor-restricted investments as income each year. The long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. On an annual basis, the Board must elect a spending rate of between 2% and 7%. In accordance with Act 141, and to comply with a donor-imposed restriction, the Ballet usually transfers no more than 5% of the previous three years' market value average of the endowment fund. For the year ended June 30, 2016, the Ballet obtained the donor's permission to increase the maximum investment draw percentage to 7%. Starting for the year ended June 30, 2017, the Ballet began a gradual reduction in draw over five years to return to 5% in 2021. The maximum investment draw percentage for the years ended June 30, 2022 and 2021 was 5.0%. This percentage is applied to a three-year average market value of the investments at June 30 of the previous year. The Ballet classifies as net assets with donor restrictions the original and subsequent value of gifts donated to the endowment with donor restrictions. In accordance with Act 141, the Ballet has adopted a written investment policy, of which a section specifically relates to the endowment fund. The Ballet considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws and donor-imposed restrictions.

The donor-restricted endowment funds of \$8,772,881 and \$10,758,728 as of June 30, 2022 and 2021, respectively, are included in net assets with donor restrictions.

The changes in donor-restricted endowment funds for the years ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 11,112,763	\$ 9,300,530
Contributions	51,711	5,000
Investment return:		
Investment income	226,958	188,240
Net (depreciation) appreciation	<u>(1,796,596)</u>	<u>2,093,993</u>
	(1,569,638)	2,282,233
Transfers - donor change of restriction	-	(50,000)
Appropriation of endowment assets for expenditure	<u>(468,000)</u>	<u>(425,000)</u>
Endowment net assets, end of year	<u>\$ 9,126,836</u>	<u>\$ 11,112,763</u>

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 4 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters - The Ballet has adopted investment and spending policies for endowment assets that attempt to provide a reasonable level of funding to programs supported by its endowment, while seeking to enhance the purchasing power of the fund's corpus. These policies are geared toward long-term growth that will enable the Ballet to continue to operate at an elite level. Under this policy, as approved by the Board, the endowment assets are invested in a manner intended to produce results that exceed the price and yield results of a blended benchmark of equity and fixed-income peer groups.

Strategies Employed for Achieving Objectives - To satisfy long-term rate-of-return objectives, the Ballet 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 Ballet targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment advisors, at the discretion of the Investment Committee of the Board, are given guidelines to the percentage that can be committed to a particular investment or investment category.

Spending Policy and Investment Objectives Related to Spending Policy - In accordance with Act 141, the Ballet annually transfers no more than 7% of the previous three years' market value average of the donor restricted endowment fund to net assets without donor-restrictions for use in current and future operations. For the years ended June 30, 2022 and 2021, the spendable return elected was 5% and totaled \$468,00 and \$425,000, respectively, all of which was expended. The Ballet believes that this spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with the Ballet's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Annually, the Ballet is required to maintain, among other things, certain stipulated ratios and cash reserve requirements in accordance with a grant agreement. The Ballet was in compliance with all stipulations as of June 30, 2022.

NOTE 5 - INVESTMENTS WITH DONOR RESTRICTIONS

Donor-restricted investments consist of pooled investment funds and securities, which are presented at their aggregate market value. Carrying values and unrealized appreciation at June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Equity funds and securities	\$ 7,297,644	\$ 7,330,116
Bond funds	<u>3,897,985</u>	<u>3,013,402</u>
Total market value	<u>\$ 11,195,629</u>	<u>\$ 10,343,518</u>
Cost or donated value	<u>\$ 10,706,205</u>	<u>\$ 7,760,826</u>
Unrealized appreciation	<u>\$ 489,424</u>	<u>\$ 2,582,692</u>



PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 6 - INVESTMENT HELD BY TRUST

The Ballet is a partial beneficiary of the trust of Pauline Beamer Pickens, and the trustee holds title to the assets. This is included within net assets with donor restrictions.

Distributions are made at the discretion of the trustee in accordance with the trust agreement and are without donor restrictions. Distributions approximated \$23,000 and \$19,000 for fiscal years 2022 and 2021, respectively. Carrying values and unrealized appreciation at June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cost or donated value	\$ <u>399,633</u>	\$ <u>401,023</u>
Market value	\$ <u>353,955</u>	\$ <u>434,139</u>
Unrealized appreciation	\$ <u>(45,678)</u>	\$ <u>33,116</u>

NOTE 7 - PLEDGES RECEIVABLE

The Ballet has recorded pledges receivable at June 30 consisting of the receipt of unconditional promises to give, which are summarized as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Due in less than one year	\$ <u>119,362</u>	\$ <u>207,490</u>
With donor restrictions:		
Due in less than one year	313,000	273,800
Due in one to five years	<u>115,000</u>	<u>332,500</u>
	<u>428,000</u>	<u>606,300</u>
Total	\$ <u>547,362</u>	\$ <u>813,790</u>

The discount to present value of these future receipts is not material.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 8 - FIXED ASSETS

Fixed assets at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Building and leasehold improvements	\$ 15,347,950	\$ 15,258,965
Costumes, sets and props	5,136,856	5,064,204
Machinery and equipment	352,775	319,984
Land improvements	127,618	127,618
	<u>20,965,199</u>	<u>20,770,771</u>
Less - Accumulated depreciation	<u>(12,790,528)</u>	<u>(11,972,636)</u>
	8,174,671	8,798,135
Land	<u>1,058,035</u>	<u>1,058,035</u>
	<u>\$ 9,232,706</u>	<u>\$ 9,856,170</u>

NOTE 9 - LINES OF CREDIT

In January 2021, the Ballet entered into a revolving line-of-credit note with a financial institution. The maximum borrowings available under the agreement are \$1,500,000 with interest on any unpaid balance accruing at the bank's prime lending rate (4.75% at June 30, 2022). The line is collateralized through a blanket lien on all of the Ballet's assets without donor restrictions. For the year ended June 30, 2022, there were no borrowings outstanding on the line of credit. All outstanding amounts are due no later than the agreement's expiration date, May 29, 2023.

The Ballet maintains a line of credit with a financial institution. The maximum borrowings available under the agreement are \$1,000,000 with interest on any unpaid balance accruing at the bank's prime lending rate (4.75% at June 30, 2022). The line is collateralized through a blanket lien on all of the Ballet's assets without donor restrictions. As of June 30, 2022 and 2021, there were \$835,286 of borrowings outstanding on the line of credit. All outstanding amounts are due no later than the agreement's expiration date, May 29, 2023.

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

The Ballet entered into a term loan with the U.S. Small Business Administration in July 2020, with a principal amount of \$150,000, bearing interest at a fixed annual rate of 2.75%, collateralized by certain property, and a 30-year maturity. Monthly installment payments, including principal and interest, of \$641 began in July 2021. The amount outstanding as of June 30, 2022 and 2021 was \$146,370 and \$150,000 respectively.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (Continued)

Future maturities of long-term debt are as follows:

<u>Year Ending</u> <u>June 30</u>		<u>Long-Term</u> <u>Debt</u>
2023	\$	3,731
2024		3,857
2025		3,750
2026		3,640
2027		4,165
Thereafter		<u>127,227</u>
	\$	<u>146,370</u>

The Ballet also has a long-term severance agreement with two former employees. During the years ending June 30, 2023, 2024 and 2025, the Ballet will make \$140,000, \$90,000 and \$40,000, respectively, in payments related to these severance agreements. The discount to present value of these future payments is not material.

NOTE 11 - GOVERNMENT GRANTS

The Ballet was a recipient of a Paycheck Protection Program (PPP) loan with a bank of approximately \$1,085,000 granted by the Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the program terms, PPP loans are forgiven and recognized as grant revenue if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following the receipt of the loan. In January 2021, the Ballet received notice that the loan was fully forgiven and recognized the grant revenue at that time. This is recorded as public and private support in the statement of activities during the year ended June 30, 2021.

The Ballet has claimed the Employee Retention Tax Credit (ERC), which is a refundable payroll tax credit that encouraged businesses to keep employees on the payroll during the COVID-19 pandemic. The ERC provided qualifying employers up to \$5,000 of credit for each employee based on certain wages paid after March 12, 2020, and before January 1, 2021. In December 2020, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act) increased the credit for each employee to \$7,000 per calendar quarter after December 31, 2020, through June 30, 2021. Based on the Ballet's evaluation, ERCs of approximately \$1,375,000 were recognized during the year ended June 30, 2021, as public and private support in the statement of activities. As of June 30, 2021, approximately \$613,000 had yet to be received, and was recorded as a government grant receivable. The amount was fully collected during the year ended June 30, 2022.

In October 2021, the Ballet was awarded a Shuttered Venue Operators Grant (SVOG) of approximately \$4,033,000. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, amended by the American Rescue Plan Act, and administered by the SBA's Office of Disaster Assistance. For the year ended June 30, 2022, the Ballet allocated these funds to cover payroll costs and other operating costs allowable under the SVOG program. The full amount of this SVOG grant was recognized within public and private support in the statement of activities during the year ended June 30, 2022.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Ballet's financial instruments consist primarily of cash and cash equivalents, accounts receivable, pledges receivable, investments, investment held by trust, accounts payable and accrued expenses, line of credit and long-term debt.

The carrying amount of cash and cash equivalents, accounts receivable, pledges receivable, accounts payable and accrued liabilities approximates their fair value due to the short-term nature of such instruments.

The carrying value of the Ballet's revolving line of credit note, line of credit, and long-term debt approximates fair value at June 30, 2022 and 2021, since the interest rates were either market-based and adjusted periodically, or reflect current market rates available to the Ballet.

The valuation of the Ballet's investments and investment held in trust at June 30 according to the fair value hierarchy is summarized as follows:

		2022			
		Level 1	Level 2	Level 3	Total
Mutual funds and securities	\$	11,195,629	-	-	\$ 11,195,629
Investment held in trust		-	-	\$ 353,955	353,955
	\$	<u>11,195,629</u>	<u>-</u>	<u>\$ 353,955</u>	<u>\$ 11,549,584</u>
		2021			
		Level 1	Level 2	Level 3	Total
Mutual funds and securities	\$	10,343,518	-	-	\$ 10,343,518
Investment held in trust		-	-	\$ 434,139	434,139
	\$	<u>10,343,518</u>	<u>-</u>	<u>\$ 434,139</u>	<u>\$ 10,777,657</u>

The fair value of the mutual funds categorized as Level 1 is based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the Ballet.

Investment held in trust includes underlying investments that are primarily based on readily quoted active markets. Since the investment held in trust is not readily tradable, but significant inputs are observable in active markets, the trust uses primarily Level 1 and Level 2 inputs valuing its own investments.

The Ballet's ownership in this trust is represented by an undivided interest in these investments, not in the underlying assets themselves. The undivided interests are not traded themselves, and they cannot be valued based on observable direct or indirect inputs. Accordingly, it is classified as Level 3.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The changes in those items measured at fair value for which the Ballet has used Level 3 inputs to determine fair value are as follows:

Balance, June 30, 2020	\$	354,035	
Distributions		(19,420)	
Unrealized appreciation		99,524	
Balance, June 30, 2021		<u>434,139</u>	
Distributions		(22,625)	
Unrealized depreciation		<u>(57,559)</u>	
Balance, June 30, 2022	\$	<u><u>353,955</u></u>	

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. There were no transfers between levels during the years ended June 30, 2022 and 2021.

NOTE 13 - NET ASSETS

Net assets with donor restrictions at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Subject to passage of time	\$ 886,000	\$ 606,000
Subject to expenditure for specified purpose:		
Capital projects	577,009	592,009
Future production support		
Live Music Fund	4,398,429	2,081,881
Other	5,512,450	2,422,728
Scholarships	<u>347,156</u>	<u>238,515</u>
	10,835,044	5,335,133
Restriction in perpetuity (including approximately \$2,000 and \$12,000 of pledges receivable at June 30, 2022 and 2021, respectively)	<u>9,126,836</u>	<u>11,112,763</u>
	\$ <u><u>20,847,880</u></u>	\$ <u><u>17,053,896</u></u>

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 13 - NET ASSETS (Continued)

Net assets were released from donor restrictions at June 30 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors and grantors as follows:

	<u>2022</u>	<u>2021</u>
Subject to passage of time	\$ 220,000	\$ 210,000
Subject to expenditure for specified purpose:		
Capital projects	15,000	37,313
Production support	829,458	420,494
Scholarships	91,115	73,536
	<u>935,573</u>	<u>531,343</u>
	\$ <u>1,155,573</u>	\$ <u>741,343</u>

NOTE 14 - DONATED SERVICES

The Ballet receives certain donated professional services that assist in accomplishing its goals. The Ballet assigns values to such services based on rates commensurate with the type of services performed. Such expenses are reflected in the accompanying financial statements as both revenue and expense.

Though Board members have donated a substantial amount of time to the operation of the Ballet, no amounts have been reflected in the accompanying financial statements for donated services because no objective basis is available to measure the value of such services.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The Ballet has a 15-year lease agreement with the City of Pittsburgh for the use of a parking facility across the street from its dance studios, which expires in December 2025. The lease provides for the maintenance costs of the parking facility to be the sole cost to the Ballet.

NOTE 16 - EMPLOYEE BENEFIT PLANS

The Ballet participates in a multiemployer pension plan under a union agreement. Contributions to the plan can vary significantly year to year, and the plan listed below may not be indicative of all plans the Ballet has contributed to in the past.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 16 - EMPLOYEE BENEFIT PLANS (Continued)

The Ballet does not control this plan. Generally, the plan provides defined benefits to substantially all employees covered by the stagehand collective bargaining agreement. The risks of participating in this multiemployer plan are different from a single-employer plan in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- Under the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006, a contributor to a multiemployer plan may be liable, upon termination or withdrawal from a plan, for its proportionate share of a plan’s unfunded vested liability. However, such potential liability, if any, would be determined by the plan’s trustee at the point of termination or withdrawal and not necessarily tied to the Ballet’s level of contributions to the plan.

The following table presents information as of June 30, 2022 and 2021 concerning the Ballet’s participation in significant multiemployer defined benefit pension plans:

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status (a)		FIP/RP Status Pending/Implemented (b)	Ballet Contributions		Expiration Date of Collective-Bargaining Labor Agreement
		2022	2021		2022	2021	
International Alliance of Theatrical Stage Employees (IATSE) Local 3 Pension Plan	25-6073053/001	Red	Red	Yes	\$50,362	\$41,437	6/30/25
International Alliance of Theatrical Stage Employees (IATSE) National Pension Fund	13-1849172/001	Green	Green	N/A	\$2,500	\$429	6/30/25

(a) The requirement for financial improvement plans, “FIP,” or rehabilitation plans, “RP,” is determined by the funding level or zone of the applicable plan.

(b) As defined by the Pension Protection Act, “PPA,” the zone status indicates the percent the plan is funded for plan years presented. Red Zone: plans generally funded less than 65%; Yellow Zone: plans generally funded less than 80%; Green Zone: at least 80% funded.

The Ballet’s contributions to the IATSE Local 3 Pension Plan (Plan) did not exceed 5% of the total contributions to the Plan for the plan years ended June 30, 2022 and June 30, 2021.

PITTSBURGH BALLET THEATRE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 16 - EMPLOYEE BENEFIT PLANS (Continued)

The information required to determine the total amount of the contingent obligation is not readily available. However, none of the plans in which the Ballet has participated have asserted entitlement to a withdrawal liability payment, and the Ballet has not been notified by any multiemployer plan of a claim for any unfunded liability.

In addition to the multiemployer plan, the Ballet also contributes to a union-sponsored defined benefit pension plan covering the musicians. The contribution was based on 6% of gross compensation. For the fiscal years 2022 and 2021, the Ballet contributed \$10,000 and \$1,000, respectively, to the plan covering the musicians.

The Ballet also contributes to a defined contribution plan covering the staff employees and dancers. The Ballet's contributions are based on weekly salaries at amounts and percentages set by the Ballet's Board each fiscal year. The contribution was based on 5% of gross compensation for the dancers and 3% for the staff employees for fiscal year 2022 and 3% for both the staff employees and dancers for fiscal year 2021. For fiscal years 2022 and 2021, the Ballet contributed approximately \$155,000 and \$125,000, respectively, to this plan.



SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees  
Pittsburgh Ballet Theatre, Inc.  
Pittsburgh, Pennsylvania

We have audited the financial statements of the Pittsburgh Ballet Theatre, Inc. as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon dated February 17, 2023, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities without donor restrictions are presented for the purposes of additional analysis and are 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 audit 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.

*Schneider Downs & Co., Inc.*

Pittsburgh, Pennsylvania  
February 17, 2023

PITTSBURGH BALLET THEATRE, INC.

SCHEDULES OF ACTIVITIES WITHOUT DONOR RESTRICTIONS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUE</b>		
School	\$ 1,882,602	\$ 1,124,012
Tour	8,840	58,141
Rentals, sales and other income	190,977	26,471
Special events	530,244	26,158
Investment income	22,625	19,420
Boutique	73,608	7,602
Ticket sales	2,133,743	-
Program advertising	-	-
	<u>          </u>	<u>          </u>
Total Operating Revenue	<u>\$ 4,842,639</u>	<u>\$ 1,261,804</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages and fringe benefits	\$ 4,700,000	\$ 4,034,691
School	1,968,281	1,419,708
Direct production costs	2,230,911	461,747
General and administrative	555,409	422,105
Arts education	366,583	328,073
In-kind	248,549	323,040
General production	348,739	296,580
Occupancy	231,200	208,206
Marketing	510,262	108,516
Fund-raising	190,251	81,856
Tour	280,861	738,616
Depreciation and amortization from operations	94,035	34,500
Boutique	30,471	7,749
Ball/special events	248,702	6,946
Debt service	4,062	2,749
Bad debts	20,000	650
	<u>          </u>	<u>          </u>
Total Operating Expenses	<u>\$ 12,028,316</u>	<u>\$ 8,475,732</u>
<b>PUBLIC AND PRIVATE SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Government	\$ 4,245,123	\$ 3,100,515
Special projects	522,027	1,736,926
Foundations	588,500	873,250
Individuals	607,322	760,914
In-kind contributions	248,549	323,041
Corporations	80,538	94,288
	<u>          </u>	<u>          </u>
Total Public And Private Support	<u>\$ 6,292,059</u>	<u>\$ 6,888,934</u>
<b>NET ASSETS RELEASED FROM OPERATING RESTRICTIONS</b>		
Investment income spending	\$ 468,000	\$ 425,000
Other support	1,155,573	741,343
	<u>          </u>	<u>          </u>
Total Surplus Before Depreciation	<u>\$ 729,955</u>	<u>\$ 841,349</u>

The independent auditor's report on supplementary information should be read with these schedules.