

**BALLETROX, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**YEAR ENDED JUNE 30, 2016**

*(With Summarized Comparative Information for 2015)*

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

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**BALLETROX, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

*(With Summarized Comparative Information for 2015)*

**Mission Statement**

*“A chance to dance!”*

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

BALLETROX, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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

We have reviewed the accompanying financial statements of BalletRox, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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

**Accountants' Responsibility**

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

**Accountants' Conclusion**

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

**Summarized Comparative Information**

We previously reviewed BalletRox, Inc.'s FY 2015 financial statements and in our conclusion dated March 4, 2016 stated that based on our review, we were not aware of any material modifications that should be made to the FY 2015 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2015, for it to be consistent with the reviewed financial statements from which it has been derived.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts  
May 4, 2017

BALLETROX, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 35,345	\$ 17,430
Accounts Receivable	630	5,400
Grants and Contributions Receivable	5,000	3,340
Total Current Assets	<u>40,975</u>	<u>26,170</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Property and Equipment	3,170	3,170
Less: Accumulated Depreciation	<u>(2,265)</u>	<u>(1,812)</u>
Net Property and Equipment	<u>905</u>	<u>1,358</u>
<u>TOTAL ASSETS</u>	<u>\$ 41,880</u>	<u>\$ 27,528</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>TOTAL LIABILITIES</u>	<u>\$ -</u>	<u>-</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets		
Board Designated Net Assets	8,000	-
Unrestricted Net Assets	<u>15,880</u>	<u>21,528</u>
Total Unrestricted Net Assets	23,880	21,528
Temporarily Restricted Net Assets	<u>18,000</u>	<u>6,000</u>
Total Net Assets	<u>41,880</u>	<u>27,528</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 41,880</u>	<u>\$ 27,528</u>

BALLETROX, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016  
*(With Summarized Comparative Totals for 2015)*

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2016</u>	<u>2015</u>
<b><u>SUPPORT AND REVENUES:</u></b>				
<i>Program Service Revenues:</i>				
School-Based Programs	\$ 20,283	\$ -	\$ 20,283	\$ 27,814
BalletRox Dance! Tuition Fees	65,449	-	65,449	54,866
Ticket Sales	4,219	-	4,219	2,438
<i>Public Support:</i>				
Gifts, Grants and Contributions	92,413	18,000	110,413	79,602
Donated Goods and Services	11,787	-	11,787	7,491
<i>Reclassifications of Net Assets:</i>				
Satisfaction of Program Restrictions	6,000	(6,000)	-	-
<b><u>TOTAL SUPPORT AND REVENUES</u></b>	<b><u>200,151</u></b>	<b><u>12,000</u></b>	<b><u>212,151</u></b>	<b><u>172,211</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>				
Program Services	172,140	-	172,140	146,101
<i>Supporting Services:</i>				
Administrative	9,702	-	9,702	8,146
Fund Raising	15,957	-	15,957	10,253
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>197,799</u></b>	<b><u>-</u></b>	<b><u>197,799</u></b>	<b><u>164,500</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>2,352</u></b>	<b><u>12,000</u></b>	<b><u>14,352</u></b>	<b><u>7,711</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>21,528</u></b>	<b><u>6,000</u></b>	<b><u>27,528</u></b>	<b><u>19,817</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 23,880</u></b>	<b><u>\$ 18,000</u></b>	<b><u>\$ 41,880</u></b>	<b><u>\$ 27,528</u></b>

BALLETROX, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016  
*(With Summarized Comparative Totals for 2015)*

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2016</u>	<u>2015</u>
Salaries and Wages	\$ 73,924	\$ -	\$ 14,081	\$ 88,005	\$ 55,972
Payroll Taxes	7,830	-	1,491	9,321	6,372
Contracted Dance Instructors	-	-	-	-	18,535
Scholarships	54,300	-	-	54,300	48,000
Professional Fees	508	5,200	-	5,708	4,775
Field Trip Fees	3,702	-	-	3,702	4,295
Printing and Design Fees	1,023	-	-	1,023	1,590
Advertising	1,389	-	-	1,389	1,448
Theater and Studio Rental	9,000	1,000	-	10,000	7,722
Facilities and Equipment Storage Rental	-	-	-	-	3,820
Set and Props	592	-	-	592	-
Costumes	10,708	-	-	10,708	5,880
Depreciation Expense	453	-	-	453	453
Insurance	2,993	845	-	3,838	347
Miscellaneous	5,718	2,657	385	8,760	5,291
<b>Total Functional Expenses</b>	<b>\$ 172,140</b>	<b>\$ 9,702</b>	<b>\$ 15,957</b>	<b>\$ 197,799</b>	<b>\$ 164,500</b>

BALLETROX, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 14,352	\$ 7,711
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	453	453
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable	4,770	1,266
Grants and Contributions Receivable	(1,660)	(2,340)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	-	(76)
Net Adjustment	<u>3,563</u>	<u>(697)</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>17,915</u></b>	<b><u>7,014</u></b>
<b><u>NET INCREASE IN CASH BALANCES</u></b>	<b>17,915</b>	<b>7,014</b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>17,430</u></b>	<b><u>10,416</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 35,345</u></b>	<b><u>\$ 17,430</u></b>



BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

NOTE 1      ORGANIZATION

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

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

NOTE 2      PROGRAM SERVICES

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

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

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

BalletRox Dance! is a community dance program located in Jamaica Plain that commenced during FY 2015. BalletRox Dance! is open to all community members; there is no audition or selection process. Full and partial scholarships are made available on a sliding fee schedule based on family income and size. Prior to FY 2015, BalletRox provided scholarships for children to attend external dance instruction programs. Starting with FY 2015, BalletRox now operates its own programs.

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

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

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

*(Continued)*

NOTE 2      *(Continued)*

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

NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in the Management's opinion, resulted in reliable and consistent financial reporting by the Organization.

**Basis of Accounting:**

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

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as described below:

*Unrestricted Net Assets* - consists of assets, contributions from the general public and program revenues which are available and used for operations and programs. Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization may include funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

*(Continued)*

NOTE 3     *(Continued)*

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, the Organization did not have any assets of this nature.

The accompanying financial statements include certain FY 2015 comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, FY 2015 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015 from which the summarized information was derived.

**Receivables:**

*Accounts Receivable* represents uncollected fees due from school programs.

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

Management periodically reviews specific accounts receivable balances, grants and commitments to determine if any balances are uncollectible. Management considers *Accounts Receivable* and *Grants and Contributions Receivable* fully collectible; therefore, no allowance for doubtful amounts has been established. If balances are determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the years ended June 30, 2016 and 2015, there was no bad debt expense related to uncollectible receivables.

**Property and Equipment:**

Property and equipment purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair value at the date of the receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years. Property and equipment consists of a Marley dance floor, a portable stage floor covering, with an original cost of \$3,170. The estimate useful life of the dance floor is seven years. Depreciation expense was \$453 for each of the years presented.

**Revenue Recognition:**

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

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

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

*(Continued)*

NOTE 3     *(Continued)*

BalletRox Dance! offers need-based reduced tuition through scholarships based on family size, number of children under the age of 18 living in the household, the annual family income, and sources of income. The fees for optional master dance class are waived for these scholarship students. BalletRox separately tracks these scholarships and has reflected these amounts as *Scholarships* expense in the accompanying Statement of Functional Expenses. Scholarships for the BalletRox Dance! Program, which commenced in FY 2015, were \$54,300 and \$48,000 for the years ended June 30, 2016 and 2015, respectively.

**Gifts, Grants and Contributions:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has elected to report restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

**Donated Goods and Services:**

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

**Functional Expenses:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using a salary-based formulas or from the nature of related item. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

*(Continued)*

NOTE 3      *(Continued)*

Supporting services have been sub-classified as follows:

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

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

**Advertising:**

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

NOTE 4      TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2016, BalletRox had temporarily restricted funds of \$18,000, specified for FY 2017 program activities.

As of June 30, 2015, BalletRox had temporarily restricted funds of \$1,000 specified for the BalletRox Dance! program and \$5,000 via a Community Partnership Fund restricted for the FY 2016 fiscal year. These temporarily restricted funds were released from restriction during the year ended June 30, 2016.

NOTE 5      DONATED GOODS AND SERVICES

For the years ended June 30, 2016 and 2015, BalletRox received the following donated goods and services which have been recorded in the accompanying financial statements:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Communications and Marketing	\$ 1,389	\$1,448
Show Tickets (Field Trips)	2,315	3,279
Costumes and Dancewear	2,979	-
Computer Software	1,133	881
Supplies	3,526	1,462
Postage	253	421
Sets and Props	<u>192</u>	<u>-</u>
Total	<u>\$11,787</u>	<u>\$7,491</u>

NOTE 6      RENTAL AGREEMENT

BalletRox entered into a space sharing arrangement in the form of an ongoing rental agreement at the Spontaneous Celebrations community facility located in Jamaica Plain. The rental agreement provides BalletRox with dance studio space for their BalletRox Dance! Program. For the fiscal years ended June 30, 2016 and 2015, total rent expense paid to Spontaneous Celebrations amounted to \$10,000 and \$5,938, respectively, and is included within the *Theater and Studio Rental* expense in the accompanying Statement of Functional Expenses.

BALLETROX, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

*(With Summarized Comparative Information for 2015)*

*(Continued)*

NOTE 7      CONCENTRATIONS

**Accounts Receivable:**

As of June 30, 2016 and 2015, the balance of *Accounts Receivable* is due from one school in each respective year.

**Grants and Contributions Receivable:**

As of June 30, 2016 and 2015, *Grants and Contributions Receivable* primarily consists of amounts due from the Massachusetts and Boston Cultural Councils.

NOTE 8      SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through May 4, 2017, the date which the financial statements were available for issue, and noted the following event which met the disclosure criteria.