

OREGON BALLET THEATRE
AUDITED FINANCIAL STATEMENTS
(Together With Independent Auditor's Report)

JUNE 30, 2022

OREGON BALLET THEATRE
PORTLAND, OREGON
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Oregon Ballet Theatre
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Oregon Ballet Theatre (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year 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 Oregon Ballet Theatre as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Oregon Ballet Theatre and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Oregon Ballet Theatre'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 GAAS and Government 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 GAAS and Government 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 Oregon Ballet Theatre'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 Oregon Ballet Theatre'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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022 on our consideration of the Oregon Ballet Theatre's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oregon Ballet Theatre's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oregon Ballet Theatre's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Oregon Ballet Theatre's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Gregg S. Bossen, CPA, PC
Atlanta, Georgia
October 21, 2022

OREGON BALLET THEATRE
PORTLAND, OREGON
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	<i>For Comparative Purposes Only JUNE 30, 2021</i>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$3,297,033	\$123,177	\$3,420,210	\$1,551,284
Investments	4,206,972		4,206,972	4,098,212
Grants Receivable – Short-Term	29,100	235,000	264,100	199,000
Pledges Receivable – Short-Term	62,395	20,000	82,395	87,733
Other Receivables	44,955		44,955	18,850
Inventory	57,871		57,871	66,767
Prepaid Expenses	217,777		217,777	42,575
Total Current Assets	<u>7,916,103</u>	<u>378,177</u>	<u>8,294,280</u>	<u>6,064,421</u>
LONG-TERM FIXED ASSETS:				
Long-Term Fixed Assets	2,303,572		2,303,572	2,219,762
Less: Accumulated Depreciation	<u>(2,160,387)</u>		<u>(2,160,387)</u>	<u>(2,025,396)</u>
Total Long-Term Fixed Assets, net	<u>143,185</u>	<u>-0-</u>	<u>143,185</u>	<u>194,366</u>
OTHER ASSETS:				
Grants Receivable – Long-Term	-0-		-0-	25,000
Pledges Receivable – Long-Term	2,000	15,000	17,000	35,000
Security Deposit	24,835		24,835	27,970
Deferred Performance Costs	35,167		35,167	59,863
Total Other Assets	<u>62,002</u>	<u>15,000</u>	<u>77,002</u>	<u>147,833</u>
TOTAL ASSETS	<u>\$8,121,290</u>	<u>\$393,177</u>	<u>\$8,514,467</u>	<u>\$6,406,620</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$256,017		\$256,017	\$185,337
Credit Card Payable	10,762		10,762	13,761
Payroll Liabilities	1,410		1,410	5,852
Costume Rental Deposits	1,250		1,250	10,000
Deferred Revenue	978,018		978,018	475,271
Total Current Liabilities	<u>1,247,457</u>	<u>-0-</u>	<u>1,247,457</u>	<u>690,222</u>
LONG-TERM LIABILITIES:				
Fiscal Agency Payable – Artist Fund	24,758		24,758	12,395
Total Long-Term Liabilities	<u>24,758</u>	<u>-0-</u>	<u>24,758</u>	<u>12,395</u>
NET ASSETS:				
Unrestricted Net Assets	6,849,075		6,849,075	5,113,385
Net Assets With Donor Restrictions		393,177	393,177	590,618
Total Net Assets	<u>6,849,075</u>	<u>393,177</u>	<u>7,242,252</u>	<u>5,704,003</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$8,121,290</u>	<u>\$393,177</u>	<u>\$8,514,467</u>	<u>\$6,406,620</u>

See Auditor's Report and Notes to Financial Statement

OREGON BALLET THEATRE
PORTLAND, OREGON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	<i>For Comparative Purposes Only JUNE 30, 2021</i>
PUBLIC SUPPORT & REVENUE:				
Public Support:				
Government Grants	\$3,378,230		\$3,378,230	\$1,722,505
Individual Contributions	761,716	5,000	766,716	724,737
Foundation and Trust Grants	455,915	189,000	644,915	647,957
Special Events Income, Net of Costs	311,081		311,081	385,736
In-Kind Contributions	151,798		151,798	18,105
Corporate Contributions	17,556	5,000	22,556	46,140
Net Assets, Restrictions Met	396,441	(396,441)		
Total Public Support	<u>5,472,737</u>	<u>(197,441)</u>	<u>5,275,296</u>	<u>3,545,180</u>
Other Revenue:				
Ticket Sales	2,848,155		2,848,155	170,875
School Income	807,987		807,987	459,179
Ticket Handling Fee Income	235,603		235,603	825
Boutique & Concession, Net of Costs	95,270		95,270	1,563
Outreach Income	70,710		70,710	12,135
Warehouse Income, Net of Costs	23,497		23,497	5,000
Space Rental Income	11,795		11,795	-0-
Touring Income	1,000		1,000	-0-
Miscellaneous Income	305		305	1,696
Costumes Income, Net of Costs	-0-		-0-	223
Investment (Loss), Net of Costs	(138,841)		(138,841)	270,967
Total Other Revenue	<u>3,955,481</u>	<u>-0-</u>	<u>3,955,481</u>	<u>922,463</u>
Total Public Support and Revenue	<u>9,428,218</u>	<u>(197,441)</u>	<u>9,230,777</u>	<u>4,467,643</u>
EXPENSES:				
Programs:				
Productions	5,382,863		5,382,863	2,299,517
School	1,031,548		1,031,548	732,808
Educational Outreach	159,202		159,202	88,299
Total Programs	<u>6,573,613</u>	<u>-0-</u>	<u>6,573,613</u>	<u>3,120,624</u>
Management & General	530,607		530,607	181,673
Fundraising	588,308		588,308	380,310
Total Expenses	<u>7,692,528</u>	<u>-0-</u>	<u>7,692,528</u>	<u>3,682,607</u>
CHANGES IN NET ASSETS	<u>\$1,735,690</u>	<u>(\$197,441)</u>	<u>\$1,538,249</u>	<u>\$785,036</u>

See Auditor's Report and Notes to Financial Statements

OREGON BALLET THEATRE
PORTLAND, OREGON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAMS			MANAGEMENT	FUNDRAISING	TOTAL
	PRODUCTIONS	SCHOOL	EDUCATIONAL OUTREACH	& GENERAL		
Salaries & Wages	\$2,129,205	\$500,289	\$115,802	\$270,436	\$214,892	\$3,230,624
Artistic Expenses	604,335	5,000				609,335
Production Costs	552,519	2,753	751	225		556,248
Fringe Benefits	454,821	48,724	6,309	18,530	6,260	534,644
Contracted Services	49,576	28,774	1,439	129,611	206,434	415,834
Space & Studio Rental Fees	276,436	97,128	6,982	13,757	14,260	408,563
Merchant & Credit Card Fees	310,982	34,201	36	4,163	824	350,206
Marketing	313,960	34,745	450			349,155
Payroll Tax Expense	226,357	51,381	12,269	21,387	21,466	332,860
Supplies	135,007	34,099	1,983	1,912	67,946	240,947
Depreciation	90,732	31,348	2,376	4,894	5,641	134,991
Utilities	57,407	21,196	2,872	8,052	9,136	98,663
Scholarships & Assistance		95,666				95,666
Travel	43,296	11,877	1,658	940		57,771
Insurance	39,255	11,281	888	1,750	1,814	54,988
Accounting & Legal Services	21,555	7,360	2,103	1,314	6,745	39,077
Information Technology	15,862	5,367	1,192	5,579	5,323	33,323
Registrations, Licenses & Permits	17,048	1,595	204	11,656	2,438	32,941
Postage & Delivery	27,169	2,541	188	958	818	31,674
Equipment & Vehicle Rentals	5,777	2,433	525	1,318	11,005	21,058
Dues & Subscriptions	599			12,248	719	13,566
Miscellaneous				14,430		14,430
Staff Training & Development	4,276	1,647	343	3,603	1,833	11,702
Printing & Copying	720	251	63	157	7,630	8,821
Recruitment Costs	1,672	225	414	1,581	2,225	6,117
Repairs & Maintenance	2,155	915	72	1,629	147	4,918
Data Storage Fees	2,142	752	283	470	752	4,399
Interest				7		7
TOTAL EXPENSES	\$5,382,863	\$1,031,548	\$159,202	\$530,607	\$588,308	\$7,692,528

See Auditor's Report and Notes to Financial Statements

OREGON BALLET THEATRE
PORTLAND, OREGON
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<i>For Comparative Purposes Only <u>JUNE 30, 2021</u></i>
BALANCE, JUNE 30, 2021	\$5,113,385	\$590,618	\$5,704,003	\$4,918,967
CHANGES IN NET ASSETS	1,735,690	(197,441)	1,538,249	785,036
BALANCE, JUNE 30, 2022	<u>\$6,849,075</u>	<u>\$393,177</u>	<u>\$7,242,252</u>	<u>\$5,704,003</u>

See Auditor's Report and Notes to Financial Statements

OREGON BALLET THEATRE
PORTLAND, OREGON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>June 30, 2022</u>	<i>For Comparative Purposes Only June 30, 2021</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$1,538,249	\$785,036
Adjustments to reconcile Excess to net cash provided by operating activities:		
Depreciation	134,991	150,358
Add: Net of Unrealized (Losses) and Realized Gains in FY 2022	234,548	-0-
Less: Unrealized and Realized Gains on Investments in FY 2021	-0-	(184,416)
Less: Donations of Stock	(53,042)	
(Increase) / Decrease in Receivables	(42,867)	439,046
Decrease in Inventory	8,896	3,294
(Increase) / Decrease in Prepaid expenses	(175,202)	54,280
Decrease in Deferred Performance Costs	24,696	33,485
Decrease in Security Deposits	3,135	5,000
Increase in Accounts Payables & Accrued Expenses	70,680	59,181
(Decrease) / Increase in Credit Card Payable	(2,999)	11,909
(Decrease) in Costume Rental Deposits	(8,750)	(2,330)
(Decrease) in Ticket Refund Liability	-0-	(32,342)
(Decrease) / Increase in Payroll Liabilities	(4,442)	3,023
Increase / (Decrease) in Deferred Revenue	502,747	(296,740)
Net cash provided by operating activities	<u>2,230,640</u>	<u>1,028,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Securities	(2,698,606)	(3,223,089)
Sales of Securities	2,408,339	3,458,263
Purchase of Computer Equipment in FY 2022	(62,295)	-0-
Purchase of Sets in FY 2021	-0-	(5,250)
Purchase of Studio Fixtures Equipment in FY 2022 and FY 2021	(12,015)	(11,631)
Installed Hot Water Heater in FY 2022	(9,500)	-0-
Net cash provided / (used) by investing activities	<u>(374,077)</u>	<u>218,293</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Obtained PPP Small Business Administration Loan	-0-	751,798
Forgiveness criteria met for the Small Business Administration Loans – 1 st	-0-	(877,289)
PPP remaining balance \$125,491 and 2 nd PPP \$751,798		
Monies received earmarked for Artists for FY 2022 and FY 2021	12,363	3,109
Net cash provided by financing activities	<u>12,363</u>	<u>(122,382)</u>
NET CHANGE IN CASH	1,868,926	1,124,695
CASH AT BEGINNING OF YEAR	1,551,284	426,589
CASH AT END OF YEAR	<u>\$3,420,210</u>	<u>\$1,551,284</u>

See Auditor's Report and Notes to Financial Statements

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of organization and operations:

Oregon Ballet Theatre (OBT) is an Oregon nonprofit organization established in 1989 as the only full-time operating ballet company in the Portland metropolitan region. The ballet company performs an annual season of four programs and also conducts regional and national tours. Through its many programs, OBT's continuing goal is to provide its constituency with performances, education, and training of the highest caliber. OBT's revenue and support are provided through a combination of contributions, grants, ticket sales, and tuition.

For the year ended June 30, 2022, OBT operated the following programs:

- (i) **Productions** - Annual presentations of the resident professional ballet company and guest artists in a series of subscription and single-ticket performances.
- (ii) **School** - Professional training for dancers interested in a career in ballet and dance instruction for individuals of all ages. The school also serves as a training ground for dancers entering the ballet company.
- (iii) **Educational Outreach** – Participation in Young Audiences and other programs through the presentation of dance performances and education in dance for school children.

(B) Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These statements reflect the application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into two net asset groups. These are:

Without Donor Restrictions:

All assets that either have no imposed restrictions on use or whose restrictions have been met by June 30, 2022.

With Donor Restrictions:

All contributions by foundations, organizations, corporations, and individuals with restrictions on use that have not been met by June 30, 2022. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenues:

OBT recognizes the contributions and exchange transactions based on the FASB ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. Also, ASU 2018-08 clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional.

Additionally, effective January 1, 2020, the Organization adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and has recognized exchange transactions following the five-step framework listed below which was used to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Support and Revenue for OBT are as follows:

Federal, State, and Local Government Grants (Contributions):

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received). Additionally, grants with conditions are not recognized until the conditions have been met.

Foundations and Trust Grants (Contributions):

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Individual and Corporate Contributions:

Support from these sources is recognized in the accounting period during which the contribution is pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Earned Revenue (Exchange Transactions):

Revenue from ticket sales, school income, ticket handling fees, boutique & concession income, outreach income, warehouse house income, space rental income, touring income, and costumes income are all recognized in the accounting period during which the revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Investment Income:

Revenue from this source is recognized in the accounting period during which revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). (See Note 13)

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenues (continued):

Investment Income:

Revenue from this source is recognized in the accounting period during which revenues are earned in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). (See Note 13)

(D) Fixed Assets:

OBT follows the practice of capitalizing, at cost, all eligible expenditures for fixed assets. Depreciation is computed on the straight-line method as follows:

Furniture & Equipment	3, 5, 7 and 10 years
Costumes	3, 5 and 10 years
Sets	3, 5, 7 and 10 years
Building Improvements	3, 5, and 39 years
Building	39 years

(E) Receivables:

OBT has three kinds of receivables. The grants receivable consist of uncollected grant awards. Pledges receivable consist of pledged promises to give made by individuals and corporate donors. Other receivables consist of unpaid school tuition, student perform series, unpaid residency hours and travel, unpaid class fees, unpaid set & costume rentals, warehouse projects, and ballet shoes/slippers. OBT carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. OBT uses the allowance method to determine uncollectible receivables. Also, OBT uses the direct write-off method for receivables that have been determined to be uncollectible. On a periodic basis, OBT evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of the collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended June 30, 2022.

The receivables for OBT are expected to be collected as follows as of June 30, 2022:

	<u>Grants Receivable</u>	<u>Pledges Receivable</u>	<u>Other Receivables</u>	<u>TOTAL</u>
Due within one year	\$264,100	\$82,395	\$44,955	\$391,450
Due in two to five years	-0-	17,000	-0-	17,000
Total Receivable balances	<u>\$264,100</u>	<u>\$99,395</u>	<u>\$44,955</u>	<u>\$408,450</u>

(F) Inventories:

OBT follows the practice of the cost basis for stating inventories. OBT uses the average cost for its method of determining the cost of inventory.

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(G) Income Taxes:

OBT is exempt from income taxes under Section 501 (c) (3) of the United States Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509 (a) of the United States Internal Revenue Code. Donations to the organization qualify for the charitable contributions' deduction. During the year ended June 30, 2022, OBT had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

OBT adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect on OBT. OBT is no longer subject to federal tax examinations if the statute of limitations has expired.

(H) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(I) Donated Services:

In accordance with FASB's Statement of Financial Standards No. 116, donated services are recognized at their estimated values at the date of service or donation provided that the service received (a) creates or enhances nonfinancial assets or (b) requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. (See Note 10)

Many individuals volunteer time and perform a variety of tasks that assist OBT with various administrative and program functions. No amounts have been recorded in the financial statements to reflect these volunteer services since they do not meet the criteria for recognition.

(J) Functional Allocation of Expenses:

OBT allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based primarily on salary expenditures.

(K) Concentration of Credit Risk:

OBT maintains bank accounts with one financial institution whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Accounts at a single institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Periodically, bank account balances may exceed FDIC coverage. OBT's uninsured cash and cash equivalents at June 30, 2022 is \$3,111,461. No credit risk is expected from uninsured deposits.

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(L) Evaluation of Subsequent Events:

OBT's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of the public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and the resulting disruption to which these events affect the organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Management considered all events through October 21, 2022, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to June 30, 2022, but prior to the issuance of this report, that would have a material impact on the financial statements.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following represents Oregon Ballet Theatre's financial assets at June 30, 2022:

Financial assets at year-end, net of current liabilities:	
Cash and cash equivalents	\$3,420,210
Investments	4,206,972
Grants Receivable – Short-Term	264,100
Pledges Receivable – Short-Term	82,395
Other Receivables	44,955
Inventory	57,871
Prepaid Expenses	217,777
Less: Current Liabilities	<u>(1,247,457)</u>
Total financial assets, net of current liabilities	7,046,823
Less amounts not available to be used within one year or for projects outside of general operating activities:	
Net assets with donor restrictions – See Note 9	
Tessitura software equipment	(75,000)
Scholarships for male students for FY 2024	(15,000)
To sustain future programs – Endowment	<u>(65,023)</u>
	<u>(155,023)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u><u>\$6,891,800</u></u>

Oregon Ballet Theatre's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,925,000). Oregon Ballet Theatre has a credit line of \$900,000 with available funds of \$900,000. As a part of Oregon Ballet Theatre's liquidity plan, excess cash is invested in marketable securities, U.S. Treasury bonds, corporate bonds, and mutual funds.

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 3: FAIR VALUE OF INVESTMENTS:

As required by FASB Accounting Standards Codification (ASC) 820, investments are valued at their fair value in the Statement of Financial Position. In accordance with the statement, fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. A three-tier hierarchy was established by the ASC to maximize the use of the observable market data and minimize the use of unobservable inputs, and establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the asset in its entirety falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's perceived risk of the liquidity profile of that asset.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U. S. Corporate Bonds – Investment Grade	\$1,595,500		
Developed International Equities & Bonds	180,655		
Non-U.S. Bonds - Developed	880,137		
U.S. Large Capitalization Equities	421,130		
U.S. Government Agencies Notes & Bonds	144,482		
U.S. Treasury Notes & Bonds	826,326		
U.S. Corporate Bonds – Non-Investment Grade	158,742		
Total Investments	<u>\$4,206,972</u>	<u>\$-0-</u>	<u>\$-0-</u>

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 4: LONG-TERM FIXED ASSETS:

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets.
At June 30, 2022, the value of such assets is as follows:

Furniture and Equipment	\$768,920
Building and Improvements	599,322
Sets	497,850
Costumes	437,480
Less: Accumulated Depreciation	<u>(2,160,387)</u>
Total Long-Term Fixed Assets	
At Cost, less Accumulated Depreciation	<u><u>\$143,185</u></u>

NOTE 5: DEFERRED PERFORMANCE COSTS:

Deferred Performance Costs represent costs incurred in FY 22 that are related to future performances. These amounts are detailed below for the year ended June 30, 2022:

Artistic Expenses – License Fees	\$23,500
Artistic Expenses – Royalties	<u>11,667</u>
Total Deferred Performance Costs	<u><u>\$35,167</u></u>

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Deferred Performance Costs are recorded as an Other Asset on the Statement of Financial Position.

NOTE 6: DEFERRED REVENUE:

Deferred revenue represents amounts collected in advance for summer school tuition, season subscription sales for the next year's performance season, tickets on account for the next year's performance season, ticket sales for the next year's performance season, gift certificates for FY 2023 and pointe passes for FY 2023. These amounts are detailed below for the year ended June 30, 2022:

Summer School Tuition	\$565,662
2022/2023 Season Subscription Sales	387,215
FY 2023 Tickets on Account	23,244
2022/2023 Ticket Sales	762
FY 2023 Pointe Passes	650
FY 2023 Gift Certificates	<u>485</u>
Total Deferred Revenue	<u><u>\$978,018</u></u>

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Deferred Revenue is recorded as a current liability on the Statement of Financial Position.

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 7: LINE OF CREDIT:

Oregon Ballet Theatre has a revolving credit limit of \$900,000 with the First Republic Bank with an interest-only floating rate of 1-month London Interbank Offered Rate plus 2.25% with a floor of 2.75%. The Line of Credit is secured by Marketable Securities and there is an auto annual renewal as of 12/15 unless notified within 30 days. For the year ended June 30, 2022, there is a zero balance for the Line of Credit.

NOTE 8: FISCAL AGENCY PAYABLE – ARTIST FUND:

Oregon Ballet Theatre has an Artist Fund which is intended to support artists (dancers and stage managers) during their career transitions when they retire from the ballet. Through an application process, the retiring or retired artist may apply for scholarship awards supporting college tuition, other educational fees, or costs to start a new business thus helping the Artists with the important next steps in their career. The fund consists of artist payroll contributions, company matches, and contributed cash gifts from donors to the Artist Fund.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), these activities are considered agency transactions and are therefore recorded using a Fiscal Agency Payable account. The account is increased when assets are received from artist payroll contributions, company matches, and contributed cash gifts from donors and decreased when assets are disbursed. For the year ended December 31, 2021, the activity in the Fiscal Agency Payable account is \$ and is detailed below:

	Fiscal Agency Payable, Beginning <u>Balance</u>	Artist Payroll Contributions, Company Matches & Contributed Cash Gifts from Donors	<u>Disbursements</u>	Fiscal Agency Payable, Ending <u>Balance</u>
Artist Fund	\$12,395	\$12,363	(\$-0-)	\$24,758
Total	<u>\$12,395</u>	<u>\$12,363</u>	<u>(\$-0-)</u>	<u>\$24,758</u>

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following at June 30, 2022:

To support education and community engagement programming	\$160,000
Tessitura software equipment FY 2023	75,000
To sustain future programs – Endowment (See Note 10)	65,023
Scholarships for male students for FY 2023 and FY 2024	35,000
To support <i>Midsummer Night's Dream</i>	25,000
OBT's Learn about Ballet	9,000
OBT2 Education and Apprenticeship Program	8,354
Equity Investment	7,200
To support Female Choreographers	5,000
James Canfield Dance	2,500
School Shoes	1,000
For use underwriting prizes for school fundraisers	100
Total Net assets with donor restrictions	<u>\$393,177</u>

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 10: NET ASSETS WITH DONOR RESTRICTION – ENDOWMENT:

The Organization's endowment consists of donor-restricted funds established to sustain future programs. As required by the U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) 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 classifies as permanently restricted net assets (s) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence restricted by the Act. 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

Endowment net assets include only donor-restricted net assets at June 30, 2022. Changes in endowment net assets for the year ended June 30, 2022 are as follows:

Endowment net assets – beginning of year	\$65,023
Contributions	<u>-0-</u>
Endowment net assets – end of year	<u><u>\$65,023</u></u>

As of June 30, 2022, the Organization has not implemented policies for investment and appropriating for spending as the funds have not reached the level desired to begin investment planning and spending.

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 11: IN-KIND CONTRIBUTIONS:

The In-Kind Contributions revenue account consists of items contributed to the Organization that can be recorded in the statement of activities under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and are detailed below:

Contracted Services	\$82,479
Supplies	62,177
Accounting & Legal Fees	4,642
Equipment Rental	<u>2,500</u>
Total In-Kind Contributions	<u><u>\$151,798</u></u>

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 12: SPECIAL EVENT:

OBT holds an annual gala event to raise awareness and funds from the community to support the organization's programming. The event, titled *Dracula Awaits, A Full Blooded Affair*, coincided with our production of *Dracula*, and was held at the Keller Auditorium in February of 2022. The event was attended by over 130 guests including a sit-down dinner and a performance of *Dracula* by OBT's company and school dancers. A live auction and paddle raise were held to raise funds for the organization.

In accordance with generally accepted accounting principles, the special event income is shown net of expenses on the Statement of Activities and the specific revenues and costs are detailed below:

	<u>Annual Gala</u>
<u>Gala Income</u>	
Paddle Raise	\$289,935
Sponsorships	52,500
Ticket Sales	49,030
Donated Goods & Services	11,780
Total Gala Income	<u>403,245</u>
 <u>Gala Expenses</u>	
Contracted Services	36,931
Supplies	20,914
Catering	19,542
Equipment Rentals	12,140
Printing & Postage	2,637
Total Expenses	<u>92,164</u>
 Special Event Income, Net of Expenses	 <u><u>\$311,081</u></u>

NOTE 13: INVESTMENT (LOSS), NET OF COSTS:

In accordance with generally accepted accounting principles, the investment income is shown net of costs on the Statement of Activities and is detailed below:

Unrealized Investment Gain	(\$252,357)
Realized Investment Gain	17,809
Dividend and Interest	112,693
Investment Costs	(16,986)
Total Investment Income, Net of Costs	<u><u>(\$138,841)</u></u>

See Auditor's Report

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
-continued-

NOTE 14: LEASE AGREEMENTS:

(A) Warehouse & Storage Space Lease:

On September 1, 2021, OBT renewed the operating lease agreement with Joseph R Josephs LLC for warehouse and storage space located at 2320 NW 21st Street, Portland, Multnomah County, Oregon. The 36-month lease starts on September 1, 2021, and expires on August 31, 2024. The prior lease agreement that ended on August 31, 2021 required a monthly rental of \$7,100 and is included as part of the future minimum lease obligations below. The monthly rental payments for the current operating lease are as follows:

<u>Months</u>	<u>Rent Amount</u>
September 1, 2021 to August 31, 2022	\$7,300
September 1, 2022 to August 31, 2023	7,600
September 1, 2023 to August 31, 2024	7,900

(B) Copier Lease:

On March 31, 2022, OBT entered into an operating lease agreement with Pacific Office Automation for a copier. The lease term is 60 months with a monthly payment of \$895.

(C) Postage Meter Lease:

On April 28, 2021, OBT entered into an operating lease agreement with Quadient Leasing USA, Inc. for a postage meter. The lease term is 63 months with a monthly payment of \$198.88.

(D) Office Space Lease:

On May 19, 2015, OBT entered into an operating lease agreement with Portland Homes for office space located at 0720 SW Bancroft Street, Portland, Oregon. The lease term is for 87 months commencing on September 1, 2015 and ending on November 30, 2022. The initial monthly rent was \$17,450 for 13,960 of square footage with a rate per square foot (RSF) of \$15. Each year the monthly rent increases by the RSF as follows:

<u>Months</u>	<u>Monthly Rent Amount</u>	<u>RSF</u>
Months 63 -72	20,230.37	17.39
Months 72 - 84	20,835.30	17.91
Months 85 - 87	21,463.50	18.45

Total minimum future commitments under these above leases as of June 30, 2022 are as follows:

<u>For the year ended:</u>	
June 30, 2023	209,159
June 30, 2024	107,327
June 30, 2025	28,927
June 30, 2026	13,127
thereafter	9,447
Total Future Minimum Lease Obligations	<u>\$367,987</u>

See Auditor's Report

SINGLE AUDIT SECTION

**OREGON BALLET THEATRE
PORTLAND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Grant Expenditures</u>
U.S. Small Business Administration:			
Shuttered Venue Operators Grant	59.075	*BAHQ21SV011820	1,614,863
Shuttered Venue Operators Grant - Supplemental Award	59.075	*BAHQ21SV011820	1,188,330
			<u>2,803,193</u>
Total U.S. Small Business Administration			<u>2,803,193</u>
U.S. National Endowment for the Humanities (NEH):			
<u>Passed through Oregon Arts Commission:</u>			
Art Learning Grant	45.025	FY2022-ALG-012342	5,000
Operating Support Grant	45.025	FY2022-OSG-011784	5,224
Operating Support American Rescue Plan Act (ARPA)	45.025		10,000
Arts Build Communities Grant	45.025	FY22-ABC-012486	4,151
			<u>24,375</u>
Total U.S. National Endowment for the Humanities (NEH)			<u>24,375</u>
Total Federal Expenditures			<u>2,827,568</u>

* Denotes major program.

OREGON BALLET THEATRE
PORTLAND, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL GRANT AWARDS
JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION AND ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal award activity of Oregon Ballet Theatre (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Federal grant programs that are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to federal regulations promulgated by the federal agency providing the funding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Trustees of
Oregon Ballet Theatre
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oregon Ballet Theatre ("the Organization"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued a report thereon dated October 21, 2022.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Gregg S. Bossen, CPA, PC
Atlanta, Georgia
October 21, 2022



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

To the Board of Trustees of
Oregon Ballet Theatre
Portland, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oregon Ballet Theatre's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of



compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance Section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated October 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gregg S. Bossen, CPA, PC
Atlanta, Georgia
October 21, 2022

**OREGON BALLET THEATRE
PORTLAND, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for each major program:

	CFDA No.	Type of Report
Shuttered Venue Operators Grant	59.075	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): No

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee: No

II. FINANCIAL STATEMENT FINDINGS

No financial statement findings noted.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs noted.