

BALLET TECH FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



LOTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ballet Tech Foundation, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Ballet Tech Foundation, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ballet Tech Foundation, Inc. and Subsidiary as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ballet Tech Foundation, Inc. and Subsidiary 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated 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 consolidated 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 Ballet Tech Foundation, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ballet Tech Foundation, Inc. and Subsidiary'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.

Lotz + Carr, LLP

New York, New York
November 20, 2025

BALLET TECH FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents (Notes 1c and 4)		
Without donor restrictions	\$ 3,756,333	\$15,421,521
With donor restrictions	625,000	881,745
Unconditional promises to give (Notes 1d and 5)		
Without donor restrictions	108,890	59,880
With donor restrictions	141,148	28,255
Investments (Notes 1e and 6)	12,667,215	-
Certificates of deposit (Notes 1e and 6)	4,866,883	4,283,885
Accounts receivable (Note 1f)	461,632	237,141
Rents receivable, net of allowance of \$474,334 (Notes 1f and 12)	1,127,854	1,607,104
Accrued rental income (Notes 1i and 11)	1,643,855	1,627,505
Prepaid expenses	26,329	34,769
Property and equipment, at cost, net of accumulated depreciation (Notes 1h and 8)	8,822,360	8,811,863
Deferred charges, net (Notes 1g and 7)	144,220	184,095
Reserve fund - condominium association (Note 9a)	396,000	396,000
	<u>\$34,787,719</u>	<u>\$33,573,763</u>
Total Assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 743,699	\$ 229,739
Security deposits payable	9,926	37,726
Total Liabilities	<u>753,625</u>	<u>267,465</u>
Commitments and Contingency (Notes 10 and 13)		
Net Assets		
Without Donor Restrictions		
Board designated reserve (Note 3a)	2,000,000	2,000,000
Operating reserve (Note 3b)	5,000,000	-
Investment reserve (Note 3c)	12,667,215	-
Other	13,600,731	30,396,298
Total Without Donor Restrictions	<u>33,267,946</u>	<u>32,396,298</u>
With Donor Restrictions (Note 3d)	766,148	910,000
Total Net Assets	<u>34,034,094</u>	<u>33,306,298</u>
	<u>\$34,787,719</u>	<u>\$33,573,763</u>
Total Liabilities and Net Assets		

See notes to consolidated financial statements.

BALLET TECH FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support		
Contributions (Note 5)	\$ 609,069	\$ 606,511
Studio rental income (Notes 1i and 11)	791,570	961,683
New York City Department of Education rental income (Notes 1i and 11)	1,222,154	1,263,574
Net rental income - Theater Unit, net of direct expenses of \$1,279,729 (2025) and \$1,461,338 (2024) (Notes 1i, 11 and 12)	2,124,617	2,127,266
Joyce Theater box office revenue	28,918	26,347
Net investment income - operating (Note 6)	437,259	989,790
Reimbursed expenses and miscellaneous income	126,021	135,424
	<u>5,339,608</u>	<u>6,110,595</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>345,000</u>	<u>415,000</u>
Total Revenue and Other Support	<u>5,684,608</u>	<u>6,525,595</u>
Expenses		
Program Services	<u>4,707,326</u>	<u>4,434,185</u>
Supporting Services		
Management and general	500,651	614,283
Fundraising	273,797	322,171
Total Supporting Services	<u>774,448</u>	<u>936,454</u>
Total Expenses	<u>5,481,774</u>	<u>5,370,639</u>
Increase in Net Assets Without Donor Restrictions Before Non-Operating Activities	202,834	1,154,956
Non-Operating Activities - Net investment Income (Notes 3c and 6)	<u>668,814</u>	<u>-</u>
Increase in Net Assets Without Donor Restrictions	<u>871,648</u>	<u>1,154,956</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 5)	201,148	36,745
Net assets released from restrictions	<u>(345,000)</u>	<u>(415,000)</u>
Decrease in Net Assets With Donor Restrictions	<u>(143,852)</u>	<u>(378,255)</u>
Increase in net assets	727,796	776,701
Net assets, beginning of year	<u>33,306,298</u>	<u>32,529,597</u>
Net Assets, End of Year	<u>\$34,034,094</u>	<u>\$33,306,298</u>

See notes to consolidated financial statements.

BALLET TECH FOUNDATION, INC.
 CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED JUNE 30, 2025 AND 2024

	2025				2024				
	Program Services		Supporting Services		Program Services		Supporting Services		
	The Ballet Tech School	Management and General	Fundraising	Total Expenses	The Ballet Tech School	Management and General	Fundraising	Total Expenses	
Salaries and wages	\$ 2,223,734	\$ 197,139	\$ 125,808	\$322,947	\$ 2,026,943	\$ 123,391	\$ 156,248	\$281,639	\$2,308,582
Employee benefits and payroll taxes	470,583	41,718	26,823	58,341	417,680	25,259	32,395	57,654	475,334
Total Personnel Expenses	2,694,317	238,857	152,431	391,288	2,444,623	148,650	190,643	339,293	2,783,916
Production consultants	131,484	12,803	4,268	17,071	76,421	5,382	1,794	7,176	83,597
Professional fees and services	76,919	14,422	4,807	19,229	175,585	20,547	6,849	27,396	202,981
Artistic consultants	157,306	-	-	-	66,174	114,606	330	114,936	181,110
Owned space expenses	741,073	138,684	46,228	184,912	726,650	135,414	45,138	180,552	907,202
Rented space expenses	35,750	-	-	-	52,095	-	-	-	52,095
Insurance	34,892	6,542	2,181	8,723	32,304	6,057	2,019	8,076	40,380
Production expenses	31,278	-	-	-	112,464	-	-	-	112,464
Travel and sustenance	189,557	496	165	661	176,639	34	95	129	176,768
Printing, postage, etc.	-	-	34,100	34,100	-	-	41,064	41,064	41,064
Marketing and promotion	7,574	-	-	-	5,382	-	-	-	5,382
Dancewear and other school expenses	128,926	-	-	-	86,474	-	103	103	86,577
Office operations	81,621	15,297	5,101	20,398	65,561	10,323	7,168	17,491	83,052
Real estate taxes	148,192	27,786	9,262	37,048	146,253	27,422	9,141	36,563	182,816
Credit losses	-	-	-	-	-	100,847	-	100,847	100,847
Miscellaneous expenses	7,311	1,425	184	1,609	28,344	1,020	2,876	3,896	32,240
Total expenses before depreciation	4,466,200	456,312	258,727	715,039	4,194,969	570,302	307,220	877,522	5,072,491
Depreciation	241,126	44,339	15,070	59,409	239,216	43,981	14,951	58,932	298,148
Total Expenses	\$ 4,707,326	\$ 500,651	\$ 273,797	\$774,448	\$ 4,434,185	\$ 614,283	\$ 322,171	\$936,454	\$5,370,639

See notes to consolidated financial statements.

BALLET TECH FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Increase in net assets	\$ 727,796	\$ 776,701
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	426,968	425,754
Amortization	39,875	39,875
Unrealized gain on investments and certificates of deposit	(538,774)	(5,004)
Credit losses	-	100,847
(Increase) decrease in:		
Unconditional promises to give	(161,903)	34,460
Accounts receivable	(224,491)	(158,358)
Rents receivable	479,250	392,292
Accrued rent receivable	(16,350)	(55,213)
Prepaid expenses	8,440	18,001
Increase (decrease) in:		
Accounts payable and accrued expenses	513,960	(83,569)
Security deposits payable	(27,800)	(855)
Prepaid tenant rental escalations and other income	-	(249,525)
Net Cash Provided By Operating Activities	1,226,971	1,235,406
Cash Flows From Investing Activities		
Proceeds from sale of investments and certificates of deposit	6,943,452	4,427,217
Purchase of investments and certificates of deposit	(19,654,891)	(4,397,870)
Acquisition of property and equipment	(437,465)	(291,501)
Net Cash Used By Investing Activities	(13,148,904)	(262,154)
Net increase (decrease) in cash and cash equivalents	(11,921,933)	973,252
Cash and cash equivalents, beginning of year	16,303,266	15,330,014
Cash and Cash Equivalents, End of Year	\$ 4,381,333	\$16,303,266

See notes to consolidated financial statements.

BALLET TECH FOUNDATION, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2025 AND 2024****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Ballet Tech Foundation Inc. is committed to introducing New York City public school children to the beauty, integrity, and joy of dance. Annually, the Organization provides the rigorous dance training necessary to fulfill and nurture students' intrinsic dance talents, all tuition free.

Odette LLC is a Delaware Limited Liability Company formed on April 6, 2006 and owned 100% by Ballet Tech Foundation Inc. Odette LLC owns the Theater Unit at the 890 Broadway Condominium in New York, New York.

b - Principles of Consolidation

The consolidated financial statement includes the accounts of Ballet Tech Foundation, Inc. and Odette LLC (collectively referred to as the "Organization"). All significant intercompany transactions and accounts have been eliminated.

c - Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less and money market funds, to be cash equivalents.

d - Contributions and Unconditional Promises to Give

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Conditional promises to give that have measurable performance or other barrier and a right of return are not recognized until the conditions on which they deposited have been met.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

BALLET TECH FOUNDATION, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2025 AND 2024****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Investments, Certificates of Deposit and Fair Value Measurements**

The Organization reflects investments and certificates of deposit at fair value in the statement of financial position. Interest, dividends, gains and losses on investments and certificates of deposit are reflected in the statement of activities as increase and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Organization's investments in certificates of deposit are measured using Level 1 inputs, quoted prices in active markets.

Alternative investments, which do not have readily determinable fair values, are reported based upon the underlying net asset value per share or its equivalent as a practical expedient and are not required to be categorized within the fair value hierarchy. The net asset value per share is estimated at fair value by the fund manager or general partner in a manner consistent with U.S. GAAP for investment companies.

The Organization reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

f - Current Expected Credit Losses

Accounts and rent receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts and rent receivables into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Organization develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

g - Deferred Charges

All costs are amortized using the straight-line method. Leasing costs are being amortized over the related lease term. Condominium closing costs are amortized over thirty-nine years.

BALLET TECH FOUNDATION, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2025 AND 2024****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Property and Equipment**

Property, furniture, equipment and studio improvements are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

i - Accrued Rental Income

The Organization records rental income associated with all of its leases and licenses on a straight-line basis over the life of the leases and licenses. The difference between the straight-line amount and the amount actually received during the year is recorded as accrued rental income in the accompanying consolidated financial statements.

j - Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

k - Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include salaries and employee benefits, general office expenses, occupancy costs, depreciation, and insurance which are allocated based on an estimate of time and effort.

BALLET TECH FOUNDATION, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2025 AND 2024****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****l - Revenue Recognition**

The Organization has multiple revenue streams that are accounted for as exchange transactions including box office revenue and studio and other rental income.

When applicable, box office revenue includes ticket sales which are generally collected prior to the date of the performance, which is recognized as income during the period of the performance.

Studio and other rental income are recognized over the period that the rental takes place. For all of the leases and licenses, rental income is recognized ratably over the rental term on a straight-line basis.

m - Use of Estimates

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

n - Tax Status

Ballet Tech Foundation, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

Odette, LLC is a Delaware Limited Liability Company. The results of its operations are reportable on the tax return of the Ballet Tech Foundation, Inc.

o - Subsequent Events

The Organization has evaluated subsequent events through November 20, 2025, the date that the financial statements are considered available to be issued.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of rentals and contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general, administrative and fundraising activities undertaken to support those services.

BALLET TECH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.

The Organization's financial assets as of June 30, 2025 and 2024 and those available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 4,866,883	\$ 4,283,885
Financial Assets at Year End:		
Cash and cash equivalents	4,381,333	16,303,266
Unconditional promises to give	250,038	88,135
Investments	12,667,215	-
Accounts and rents receivable	<u>1,589,486</u>	<u>1,844,245</u>
Total Financial Assets	23,754,955	22,519,531
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(766,148)	(910,000)
Plus: Net assets with restrictions to be met in less than one year	351,148	265,000
Less: Long-term accounts and rents receivable	(621,970)	(1,131,987)
Less: Board designated reserve	(2,000,000)	(2,000,000)
Less: Operating reserve	(5,000,000)	-
Less: Investment reserve	<u>(12,667,215)</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,050,770</u>	<u>\$18,742,544</u>

In addition to these financial assets available within one year, the Organization's board designated, operating and investment reserves could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

BALLET TECH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3 - Restrictions and Designations on Net Assets

- a - Net Assets Without Donor Restrictions - Board Designated Reserve
The board designated cash reserve represents funds specifically reserved by the Board for future activities of the Organization.
- b - Net Assets Without Donor Restrictions - Operating Reserve
The operating reserve represents funds specifically reserved by the Board to deal with financial contingencies related to the Organization's operations which may come up from time to time.
- c - Net Assets Without Donor Restrictions - Investment Reserve
The investment reserve represents funds designed by the Board for future programs and organizational needs. The Board may approve withdrawals of up to 5% of the reserve's total market value to support the Organization's operating expenses.
- d - Net Assets With Donor Restrictions
Net assets with donor restrictions represent contributions to the Organization, which are restricted to either future periods or future programs.

Note 4 - Concentration of Credit Risk

The Organization maintains cash balances in various financial institutions located in New York, New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each institution.

Note 5 - Unconditional Promises to Give and Contributions

Unconditional promises to give are due in less than one year. Uncollectible promises are expected to be insignificant.

At June 30, 2025, approximately 87% of unconditional promises to give were from two donors. At June 30, 2024, approximately 94% of unconditional promises to give were from three donors.

During the year ended June 30, 2025, two donors accounted for approximately 37% of public support. During the year ended June 30, 2024, three donors accounted for approximately 41% of public support.

BALLET TECH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 6 - Investments and Certificates of Deposit

Investments and certificates of deposit consist of the following at June 30:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	<u>\$ 4,867,121</u>	<u>\$ 4,866,883</u>	<u>\$4,290,653</u>	<u>\$4,283,885</u>
Cash and cash equivalents	<u>3,139,209</u>	<u>3,139,209</u>	<u>-</u>	<u>-</u>
Investment fund				
Equity fund	<u>3,031,702</u>	<u>3,383,650</u>	<u>-</u>	<u>-</u>
Bond fund	<u>5,964,060</u>	<u>6,144,356</u>	<u>-</u>	<u>-</u>
Total Investment Fund	<u>8,995,762</u>	<u>9,528,006</u>	<u>-</u>	<u>-</u>
Total Investments and Certificates of Deposit	<u>\$17,002,092</u>	<u>\$17,534,098</u>	<u>\$4,290,653</u>	<u>\$4,283,885</u>

Net investment and certificates of deposit income is summarized as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividends	<u>\$ 567,299</u>	<u>\$984,786</u>
Unrealized gain	<u>538,774</u>	<u>5,004</u>
	<u>\$1,106,073</u>	<u>\$989,790</u>

The following summarizes the fair value of the investments and certificates of deposit that are measured on a recurring basis at June 30, 2025 and 2024

	<u>2025</u>				<u>Measured at Net Asset Value</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Certificates of deposit	<u>\$ 4,866,883</u>	<u>\$4,866,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>3,139,209</u>	<u>3,139,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment fund					
Equity fund	<u>3,383,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,383,650</u>
Bond fund	<u>6,144,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,144,356</u>
Total Investment Fund	<u>9,528,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,528,006</u>
Total Investments and Certificates of Deposit	<u>\$17,534,098</u>	<u>\$8,006,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,528,006</u>

BALLET TECH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 6 - Investments and Certificates of Deposit (continued)

The Organization's investment in certificates of deposit at June 30, 2024 was classified as Level 1 the fair value hierarchy.

The Organization's investment policy aims for sustainable performance and growth by way of a diversified investment pool with certificates of deposit and alternative investments in bond and equity funds.

The investments included in the Organization's investment portfolio valued using the net asset value at June 30, 2025 are redeemable based on the following terms and conditions:

Weekly with 5 days' notice	\$3,383,650
Monthly with 5 days' notice	<u>6,144,356</u>
	<u>\$9,528,006</u>

The following are descriptions of the investment strategies of these investments:

Equity Fund

Invests in a portfolio of common stocks and securities that have market capitalizations in the range of the companies in the S&P 500 composite index.

Bond Fund

Invests in a broad spectrum of fixed income sectors in proportions which the manager considers optimal for a fully diversified fixed income portfolio.

Note 7 - Deferred Charges

Deferred charges consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Condominium closing costs	\$133,375	\$133,375
Theater unit leasing costs	<u>373,625</u>	<u>373,625</u>
	507,000	507,000
Less: Accumulated amortization	<u>(362,780)</u>	<u>(322,905)</u>
	<u>\$144,220</u>	<u>\$184,095</u>

BALLET TECH FOUNDATION, INC.
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Note 8 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2025</u>	<u>2024</u>
Condominium units (Note 9a)	5-39 years	\$ 1,780,074	\$ 1,780,074
Theater Unit (Note 9b)	5-39 years	8,965,667	8,965,667
Studio improvements	20 years	5,197,152	5,125,528
Roof replacement	32 years	324,048	324,048
Office furniture and equipment	5-10 years	580,196	569,116
Fire panel	20 years	226,472	226,472
Production equipment	3-5 years	88,898	88,898
Pianos	10 years	114,205	114,205
Freight elevator	32 years	438,389	438,389
Façade work	5-39 years	262,800	262,800
Construction in progress	Not in service	298,171	243,108
School expansion project	Not in service	299,698	-
		<u>18,575,770</u>	<u>18,138,305</u>
Less: Accumulated depreciation		<u>(12,503,083)</u>	<u>(12,076,115)</u>
		6,072,687	6,062,190
Land - Theater Unit		<u>2,749,673</u>	<u>2,749,673</u>
Total		<u>\$ 8,822,360</u>	<u>\$ 8,811,863</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$426,968 and \$425,754, respectively, including \$126,433 and \$127,606 related to the Theatre Unit, which is netted with rental income on the consolidated statements of activities.

The 890 Broadway Condominium levied a special assessment of \$498,322 and \$720,324 for the replacement of the sidewalk during the years ended June 30, 2025 and 2024, respectively.

Note 9 - Investment in Condominium Units and Investment in Theater Unit

a - Investment in Condominium Units

In 1986, the Organization purchased, jointly with Ballet Theatre Foundation, Inc. ("ABT"), the building at 890 Broadway, New York City (the "Building"). In 1997, the Organization and ABT effected a condominiumization of the building (in accordance with a declaration of condominium dated June 4, 1997).

BALLET TECH FOUNDATION, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2025 AND 2024****Note 9 - Investment in Condominium Units and Investment in Theater Unit (continued)****a - Investment in Condominium Units (continued)**

Under the declaration of condominium, four condominium units were created. The Organization owns three units representing the first, fifth, sixth, seventh and eighth floors, and ABT owns one unit representing the second, third and fourth floors.

The Board of Managers of the condominium maintains a reserve fund in accordance with the declaration of condominium and has the ability to assess the unit owners in order to replenish the reserve fund or to increase it, as necessary. The Organization's current share of the reserve fund of \$396,000 has been reflected in the accompanying consolidated statement of financial position.

b - Theater Unit

The Organization owns the first floor unit via a wholly owned subsidiary, Odette LLC. This unit is leased to a tenant who uses the space as a movie theater (Note 11). Net rental income for the years ended June 30, 2025 and 2024 totaled \$2,124,617 and \$2,127,266, respectively.

Note 10 - Commitment and Contingency

a - In April 2025, the Organization entered into employment agreement extensions with the Executive Director and the Artistic Director through June 30, 2028 and June 30, 2027, respectively, which provide for an annual base salary, an incentive bonus, and certain fringe benefits.

b - Government supported projects are subject to audit by the applicable government agencies.

Note 11 - Leases and Licenses

The Organization has entered into leases and licenses with unaffiliated tenants occupying the Theater Unit and other units. The terms of the leases and licenses vary through May 31, 2033. In addition to minimum annual base rents, the tenants are charged additional rents consisting of real estate taxes, condominium common charges and assessments, water, sewer and insurance expenses. The Organization also has short-term leases with various unaffiliated organizations. During the years ended June 30, 2025 and 2024, total rental income consisted of \$3,970,115 and \$4,195,469, respectively, of base rents and \$1,437,771 and \$1,618,392, respectively, of operating expense reimbursements and special assessment.

BALLET TECH FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 11 - Leases and Licenses (continued)

Minimum annual lease and license income are as follows:

<u>Year Ending December 31,</u>	
2026	\$ 3,896,709
2027	3,924,661
2028	3,372,842
2029	3,614,967
2030	3,636,136
Thereafter, through August 31, 2032	<u>9,868,767</u>
	<u>\$28,314,082</u>

The tenant occupying the Theater Unit was forced to close on March 16, 2020 because of the COVID-19 outbreak, and as a result, stopped making rent payments. The theater reopened at a reduced capacity on March 5, 2021. In March 2021, the Organization entered into a lease amendment with the tenant, whereby, unpaid rent accrued during the period from March 16, 2020 until six months following reopening was designated as deferred rent. Said rent will be received in sixty equal monthly payments beginning December 1, 2021. As of June 30, 2025, the outstanding balance due from tenant to Organization totaled approximately \$722,000, representing deferred rent and additional rent. The Organization cannot predict with certainty the future rent stream, or if the rent receivable will be fully repaid, but the tenant has (i) given no indication of an intent to abandon the premises and (ii) not claimed that any of the rent receivable is not due and payable to the Organization. That said, the Organization has recorded an allowance for doubtful accounts in the amount of \$268,730.

A tenant that occupies another unit has been making irregular rent payments since October 2022 due to financial hardship. As of June 30, 2025, unpaid rent receivable due from the tenant totaled approximately \$880,000. During the year ended June 30, 2025, the Organization and the tenant negotiated a forbearance agreement. The tenant has agreed to pay \$75,000 per quarter, beginning August 2025, until the debt is repaid in February 2028. The payments have commenced and received to date on a timely basis, and the Organization anticipates that the payment schedule will be followed. That said, the Organization has recorded an allowance for doubtful accounts in the amount of \$205,604.

Note 12 - Credit Losses

The allowance for rent receivable credit losses for the years ended June 30, 2025 and 2024 is \$474,334.

BALLET TECH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 13 - Retirement Plan

The Organization has a tax deferred retirement plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all non-union full-time employees of the Organization. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Internal Revenue Service. During the years ended June 30, 2025 and 2024, the Organization made matching contributions in the amount of \$86,216 and \$51,399, respectively.