



**MILWAUKEE BALLET COMPANY, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended July 31, 2025 and 2024

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MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	4-5
Consolidated Statements of Activities	6-9
Consolidated Statements of Functional Expenses	10-11
Consolidated Statements of Cash Flows	12-13
Notes to Consolidated Financial Statements.....	14-34
SUPPLEMENTARY INFORMATION	
Consolidated Schedules of Operational Results (Unaudited)	35
Note to Consolidated Schedules of Operational Results (Unaudited)	36

17335 Golf Parkway, Suite 500
Brookfield, WI 53045
262.754.9400

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Milwaukee Ballet Company, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Milwaukee Ballet Company, Inc. and Subsidiary (a nonprofit organization) which comprise the consolidated statements of financial position as of July 31, 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 present fairly, in all material respects, the financial position of Milwaukee Ballet Company, Inc. and Subsidiary (the Organization) as of July 31, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated 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 the Organization'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 the Organization'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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, and note to supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Sikich CPA LLC

Brookfield, Wisconsin
November 24, 2025

CONSOLIDATED FINANCIAL STATEMENTS

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of July 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 762,257	\$ 1,037,988
Investments	4,654,307	4,975,284
Miscellaneous receivables	606	10,181
Pledges receivable - current	4,027,659	667,560
Inventory	133,321	110,242
Prepaid expense and other assets	90,302	138,499
Total current assets	9,668,452	6,939,754
PROPERTY, PLANT AND EQUIPMENT, NET	18,961,437	19,431,639
OTHER ASSETS		
Cash - capital projects	51,814	621,273
Pledges receivable - long term, net	3,319,682	6,280,980
Operating right-of-use assets, net	1,553,592	1,529,265
Investments, long-term	3,706,650	2,339,114
Total other assets	8,631,738	10,770,632
TOTAL ASSETS	\$ 37,261,627	\$ 37,142,025

(This statement is continued on the following page.)

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)**

As of July 31, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 180,467	\$ 181,641
Accrued liabilities	309,161	313,432
Deferred revenue	661,149	752,607
Operating right-of use liabilities - current portion	166,773	95,449
Total current liabilities	1,317,550	1,343,129
LONG-TERM LIABILITIES		
Operating right-of use liabilities - noncurrent portion	1,431,424	1,461,678
Total liabilities	2,748,974	2,804,807
NET ASSETS		
Without donor restrictions - undesignated	18,464,845	20,347,611
Without donor restrictions - board designated	2,644,728	1,341,340
Total without donor restrictions	21,109,573	21,688,951
With donor restrictions	13,403,080	12,648,267
Total net assets	34,512,653	34,337,218
TOTAL LIABILITIES AND NET ASSETS	\$ 37,261,627	\$ 37,142,025

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
United Performing Arts Fund	\$ 618,042	\$ 116,205	\$ 734,247
Contributions and grants	1,453,986	1,085,847	2,539,833
Noncash contributions	343,935	-	343,935
Special events, net of costs of direct benefit to donors of \$49,457	350,118	-	350,118
Total support	2,766,081	1,202,052	3,968,133
Subscription series performance	2,452,243	-	2,452,243
School tuition	2,024,837	-	2,024,837
Outreach	21,262	-	21,262
Rental and other revenue	108,145	-	108,145
Investment return, net	422,776	64,148	486,924
Retail	142,059	-	142,059
Less: Cost of sales	(53,970)	-	(53,970)
Net retail	88,089	-	88,089
Total revenue	5,117,352	64,148	5,181,500
Net assets released from restrictions	511,387	(511,387)	-
Total support and revenue	8,394,820	754,813	9,149,633

(This statement is continued on the following page.)

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)

For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES			
Program services			
Ballet performances	\$ 5,123,352	\$ -	\$ 5,123,352
Ballet school and academy	1,960,261	-	1,960,261
Community engagement and education	567,219	-	567,219
Total program services	7,650,832	-	7,650,832
Supporting activities			
Management and general	983,665	-	983,665
Fundraising	339,701	-	339,701
Total supporting activities	1,323,366	-	1,323,366
Total expenses	8,974,198	-	8,974,198
CHANGE IN NET ASSETS	(579,378)	754,813	175,435
NET ASSETS - BEGINNING OF YEAR	21,688,951	12,648,267	34,337,218
NET ASSETS - END OF YEAR	\$ 21,109,573	\$ 13,403,080	\$ 34,512,653

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
United Performing Arts Fund	\$ 683,691	\$ 120,174	\$ 803,865
Contributions and grants	1,387,344	1,892,520	3,279,864
Noncash contributions	247,226	-	247,226
Special events, net of costs of direct benefit to donors of \$45,873	266,451	-	266,451
Total support	2,584,712	2,012,694	4,597,406
Subscription series performance	2,712,061	-	2,712,061
School tuition	1,905,366	-	1,905,366
Outreach	22,257	-	22,257
Rental and other revenue	109,823	-	109,823
Investment return	550,990	89,487	640,477
Miscellaneous revenue	1,807	-	1,807
Retail	130,269	-	130,269
Less: Cost of sales	(47,625)	-	(47,625)
Net retail	82,644	-	82,644
Total revenue	5,384,948	89,487	5,474,435
Net assets released from restrictions	4,351,916	(4,351,916)	-
Total support and revenue	12,321,576	(2,249,735)	10,071,841

(This statement is continued on the following page.)

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)**

For the Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES			
Program services			
Ballet performances	\$ 4,804,201	\$ -	\$ 4,804,201
Ballet school and academy	1,893,028	-	1,893,028
Community engagement and education	613,971	-	613,971
Total program services	7,311,200	-	7,311,200
Supporting activities			
Management and general	849,681	-	849,681
Fundraising	308,624	-	308,624
Total supporting activities	1,158,305	-	1,158,305
Total expenses	8,469,505	-	8,469,505
CHANGE IN NET ASSETS	3,852,071	(2,249,735)	1,602,336
NET ASSETS - BEGINNING OF YEAR	17,836,880	14,898,002	32,734,882
NET ASSETS - END OF YEAR	\$ 21,688,951	\$ 12,648,267	\$ 34,337,218

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended July 31, 2025

	Ballet Performances	Ballet School and Academy	Community Engagement and Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Cost of Sales	Total Supporting Services	2025 Total
Salaries and wages	\$ 2,487,101	\$ 1,071,274	\$ 252,502	\$ 3,810,877	\$ 458,317	\$ 259,908	\$ -	\$ -	\$ 718,225	\$ 4,529,102
Contracted services	514,009	37,392	105,240	656,641	87,615	7,750	-	-	95,365	752,006
Contracted services- choreography	54,415	300	3,000	57,715	-	-	-	-	-	57,715
Rental expense	503,287	224,793	15,772	743,852	2,034	26,594	-	-	28,628	772,480
Royalty	35,102	-	-	35,102	-	-	-	-	-	35,102
Credit card service charges	89,557	64,321	-	153,878	-	5,851	-	-	5,851	159,729
Printing and postage	1,340	4,975	481	6,796	4,578	5,648	-	-	10,226	17,022
Material and supplies	93,837	11,257	1,863	106,957	24,528	1,843	-	53,970	80,341	187,298
Travel	51,392	17,976	5,031	74,399	3,083	8	-	-	3,091	77,490
Lodging-dorm	-	131,394	-	131,394	-	-	-	-	-	131,394
Telephone	2,612	2,867	-	5,479	15,082	-	-	-	15,082	20,561
Professional fees	6,630	6,646	395	13,671	83,770	-	-	-	83,770	97,441
Professional fees- gift in kind	125,222	-	-	125,222	206,945	-	-	-	206,945	332,167
Meals and entertainment	3,170	2,141	2,099	7,410	1,029	13,856	49,457	-	64,342	71,752
Miscellaneous	31,875	22,705	2,198	56,778	23,826	3,182	-	-	27,008	83,786
Occupancy	165,753	93,869	39,693	299,315	8,302	1,605	-	-	9,907	309,222
Costumes and shoes	67,393	12,466	41,622	121,481	-	84	-	-	84	121,565
Depreciation	483,459	121,870	70,355	675,684	9,965	7,696	-	-	17,661	693,345
Insurance	2,608	-	-	2,608	56,039	-	-	-	56,039	58,647
Advertising and promotions	404,590	134,015	26,968	565,573	3,677	5,676	-	-	9,353	574,926
Interest	-	-	-	-	386	-	-	-	386	386
Bad debt expense (recovery)	-	-	-	-	(5,511)	-	-	-	(5,511)	(5,511)
	\$ 5,123,352	\$ 1,960,261	\$ 567,219	\$ 7,650,832	\$ 983,665	\$ 339,701	\$ 49,457	\$ 53,970	\$ 1,426,793	\$ 9,077,625

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended July 31, 2024

	Ballet Performances	Ballet School and Academy	Community Engagement and Education	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Cost of Sales	Total Supporting Services	2024 Total
Salaries and wages	\$ 2,416,613	\$ 1,065,035	\$ 286,518	\$ 3,768,166	\$ 438,810	\$ 231,145	\$ -	\$ -	\$ 669,955	\$ 4,438,121
Contracted services	508,139	29,216	100,963	638,318	76,642	10,202	-	-	86,844	725,162
Contracted choreography services	32,500	9,600	3,000	45,100	-	-	-	-	-	45,100
Rental expense	372,793	216,413	22,686	611,892	2,818	23,394	-	-	26,212	638,104
Royalty	55,050	-	-	55,050	-	-	-	-	-	55,050
Credit card service charges	101,670	57,559	-	159,229	-	7,628	-	-	7,628	166,857
Printing and postage	1,649	5,082	49	6,780	2,660	5,139	-	-	7,799	14,579
Materials and supplies	56,150	10,221	3,967	70,338	25,739	2,541	-	47,625	75,905	146,243
Travel	52,030	19,677	3,913	75,620	1,310	150	-	-	1,460	77,080
Lodging dorm	-	115,837	-	115,837	-	-	-	-	-	115,837
Telephone	2,726	2,454	-	5,180	14,583	-	-	-	14,583	19,763
Professional fees	426	3,641	141	4,208	89,798	1,728	-	-	91,526	95,734
Professional fees - gift in kind	150,700	-	-	150,700	83,526	-	-	-	83,526	234,226
Meals and entertainment	3,943	1,998	2,406	8,347	7,956	13,004	45,873	-	66,833	75,180
Miscellaneous	16,590	17,474	2,215	36,279	11,496	451	-	-	11,947	48,226
Occupancy	138,008	81,774	33,143	252,925	6,938	1,359	-	-	8,297	261,222
Costumes and shoes	48,316	5,087	46,408	99,811	-	82	-	-	82	99,893
Depreciation	463,274	135,148	80,723	679,145	11,434	8,830	-	-	20,264	699,409
Insurance	2,350	-	-	2,350	62,565	-	-	-	62,565	64,915
Advertising and promotion	381,274	116,812	27,839	525,925	7,823	2,971	-	-	10,794	536,719
Interest	-	-	-	-	73	-	-	-	73	73
Bad debt	-	-	-	-	5,510	-	-	-	5,510	5,510
	<u>\$ 4,804,201</u>	<u>\$ 1,893,028</u>	<u>\$ 613,971</u>	<u>\$ 7,311,200</u>	<u>\$ 849,681</u>	<u>\$ 308,624</u>	<u>\$ 45,873</u>	<u>\$ 47,625</u>	<u>\$ 1,251,803</u>	<u>\$ 8,563,003</u>

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended July 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 175,435	\$ 1,602,336
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	693,345	699,409
Gain on sale of property and equipment	-	-
Change in discount on pledges receivable	(499,130)	(386,296)
Unrealized gain on investments	(219,359)	(444,336)
Contributions restricted for long-term purposes	-	(406,500)
Non-cash operating lease expense	16,743	10,409
Bad debt (recovery) expense	(5,511)	5,510
Decrease (increase) in:		
Miscellaneous receivables	9,575	(6,489)
Pledges receivable	(118,160)	(366,886)
Inventory	(23,079)	(17,093)
Prepaid expenses and other assets	48,197	(15,181)
Increase (decrease) in:		
Accounts payable	(1,174)	(64,578)
Accrued liabilities	(4,271)	(22,107)
Deferred revenue	(91,458)	72,933
Net cash from operating activities	(18,847)	661,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(223,143)	(1,852,600)
Proceeds from sale of investments	5,128,480	1,217,303
Purchases of investments	(5,955,680)	(8,087,365)
Distributions from the Greater Milwaukee Foundation	-	665,677
Net cash from investing activities	(1,050,343)	(8,056,985)

(This statement is continued on the following page.)

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

For the Years Ended July 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for long term purposes	\$ 224,000	\$ 1,684,166
Net cash from financing activities	224,000	1,684,166
NET CHANGE IN CASH AND RESTRICTED CASH	(845,190)	(5,711,688)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	1,659,261	7,370,949
CASH AND RESTRICTED CASH, END OF YEAR	\$ 814,071	\$ 1,659,261
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash	\$ 762,257	\$ 1,037,988
Cash - capital projects	51,814	621,273
TOTAL	\$ 814,071	\$ 1,659,261
Cash paid for interest	\$ 386	\$ 73

See accompanying notes to consolidated financial statements.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended July 31, 2025 and 2024

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Milwaukee Ballet Company, Inc. and Subsidiary (the Milwaukee Ballet) is a non-profit organization whose mission is to advance the art form of ballet serving a community that includes Wisconsin and Northern Illinois. The community has made a substantial investment in the Milwaukee Ballet through pledges, contributions and various other support. The Milwaukee Ballet School & Academy (MBSA) was founded in 1975 and supports the growth of classical ballet by maintaining the highest standards while nurturing the talent of every student. The Orchestra of the Milwaukee Ballet was separately incorporated on November 13, 1995 as the Milwaukee Ballet Orchestra, Inc. (the Orchestra), a wholly owned subsidiary of the Milwaukee Ballet.

Descriptions of the Milwaukee Ballet's programs are as follows:

Ballet Performances

The Milwaukee Ballet Company, Inc., consisting of international dancers, performs in five productions each season and reaches more than 40,000 audience members annually (unaudited). The second ballet company, known as the MBIs, is structured like a two-year fellowship program in which the dancers develop technical skills and artistry through training and performance, both in large-scale Company productions and through their own presentations.

Ballet School and Academy

In operation since 1975 and the only school in the Midwest accredited by the National Association of Schools of dance, Milwaukee Ballet School & Academy (MBSA) offers the finest training in a professional atmosphere. It supports the growth of classical ballet by maintaining the highest standards while nurturing the talent of every student.

Community Engagement and Education

Milwaukee Ballet's community engagement and education goal is to make ballet accessible to everybody. By introducing ballet to audiences of all ages, Milwaukee Ballet's Community Engagement and Education Programs bring the power of movement and dance to life, to inspire the lives of the people they reach.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Milwaukee Ballet Company, Inc. and its wholly owned subsidiary, Milwaukee Ballet Orchestra, Inc., collectively referred to as the “Milwaukee Ballet.” All significant inter-organizational transactions have been eliminated.

Method of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Milwaukee Ballet and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or Board imposed stipulations. As of July 31, 2025 and 2024, the Board designated certain assets for a board designated endowment.

With Donor Restrictions

Net assets subject to donor restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Milwaukee Ballet pursuant to those restrictions or are required to be held in perpetuity. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Milwaukee Ballet considers all short-term investments in interest-bearing bank accounts, debt securities and other instruments having an original maturity of three months or less, to be equivalent to cash.

Milwaukee Ballet maintains its cash at two financial institutions which, at times, may exceed federally insured limits. At July 31, 2025 and 2024, the balance of the deposits exceeded FDIC limits by approximately \$388,000 and \$1,379,000, respectively. The Milwaukee Ballet has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash.

Investments

Investments are reported at fair value in the consolidated statements of financial position. Investment transactions are recorded on a settlement date basis. Realized gains and losses are determined by the specific identification cost method. Interest and dividend income and capital gain distributions are recognized when earned. Direct internal and external investment fees are netted against investment income. Investment return is reflected in the consolidated statements of activities as income without donor restrictions, or income with donor restrictions based on the existence and nature of any donor restrictions. Investment return whose restrictions are met in the same year as received are reported as investment return without donor restrictions in the accompanying consolidated statements of activities.

Miscellaneous Receivables

Miscellaneous receivables consist of uncollected school tuition and other miscellaneous items. Milwaukee Ballet recognizes an allowance for expected credit losses at each reporting date. The allowance is an estimate based on the analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and its reasonable and supportable expectation of future conditions. Receivables with similar risk characteristics are pooled for estimation of expected credit losses to reflect any changes in credit risk since the receivable was initially recorded.

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. There were no write-offs during the year ending July 31, 2025. Write-offs during the year ending July 31, 2024 were \$5,510. Management has determined an allowance for credit losses is not deemed necessary as of July 31, 2025 and 2024.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Unconditional pledges are recognized as support in the period the pledge is made. Pledges receivable due in less than one year are recorded at their net realizable value. Pledges receivable due in more than one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional.

Inventory

Inventories consist of boutique inventory and shoes, which are valued at the lower of cost or net realizable value on a first-in, first-out basis.

Labor Agreements

Milwaukee Ballet has a labor agreement with the American Guild of Musical Artists which expires June 30, 2027. The labor agreement with American Federation of Musicians expires June 2026. These agreements cover all performers employed by the Milwaukee Ballet and define all terms and conditions related to their employment. These agreements cover approximately 45% of the total Milwaukee Ballet workforce.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. All property and equipment expenditures greater than \$5,000 are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives. Estimated lives of property and equipment consisted of the following:

	<u>Years</u>
Building	10-50
Building improvements	25
Leasehold improvements	5-39
Production equipment	5-20
Dance equipment	10-20
Furniture and fixtures	5-10
Office and technology equipment	3-10

Leasehold improvements are depreciated over the estimated useful life of the asset or lease term, whichever is shorter.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Milwaukee Ballet leases certain buildings and warehouse space. Milwaukee Ballet determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities (current and noncurrent) on the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, Milwaukee Ballet uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Milwaukee Ballet has elected to apply the short-term lease exemption to two classes of underlying assets: hall space and vehicles. Milwaukee Ballet contracts with local vendors for transportation and performance space throughout the season. The agreements cover the current performance season and are re-negotiated each season depending on the performance schedule and location. The short-term lease cost recognized and disclosed for those leases for the years ending July 31, 2025 and 2024 is \$490,254 and \$365,030, respectively. As of July 31, 2025, there are no future payments due under the agreements for the fiscal 2024-2025 season.

Milwaukee Ballet's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Milwaukee Ballet has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain classes of leases, such as real estate, Milwaukee Ballet accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, Milwaukee Ballet considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Revenue Recognition

UPAF, Contributions and Grants

Unconditional promises to give cash and other assets to the Milwaukee Ballet are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements. There were no conditional contributions or grants as of July 31, 2025 and 2024.

Contributions In-Kind

The Milwaukee Ballet recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Donated assets are recorded in the consolidated financial statements as assets and revenue at their estimated fair value on the date the assets are contributed. The Milwaukee Ballet's policy is to sell all donated securities as soon as administratively feasible after they are received.

Special Event Revenue

Special event revenue is made up of sponsorships and ticket sales. The portion that relates to the commensurate value the sponsor and attendee receives in return is recognized when the related events are held, and performance obligations are met. If an event is not held, the sponsorships and ticket sales are non-refundable. The excess amounts over commensurate value are considered a contribution that is recognized when the related events are held.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers

Performance Revenue

Revenue from performances, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided. Performance obligations associated with performances include execution of the ballet performance. Revenue is recognized at the point in time the ballet performance has been executed. Performance revenue received before the ballet performance has been executed are deferred to the period to which they relate and are included in the consolidated statements of financial position as deferred revenue.

Tuition Revenue

Revenues from tuition and fees are derived from education services provided to students. Generally, tuition and other fees are due in advance of the academic term and recorded in deferred revenue until education services are provided to the student.

The nature of tuition gives rise to variable consideration in the form of scholarships awarded to students to defray the costs of the program, which reduce the transaction price (tuition). Scholarships awarded to students were \$137,804 and \$106,174, as of July 31, 2025 and 2024, respectively. Tuition and fees revenues are recognized ratably over the academic terms. The Milwaukee Ballet generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of services.

Retail

Revenue from the sale of product is recognized when the Milwaukee Ballet's performance obligations are satisfied, which generally occurs when title and control of the product is transferred to the customer. Once a product has been delivered, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from the asset. The Milwaukee Ballet recognizes revenue from product sales at a point in time when the products are delivered and the title and risk of loss pass to the customer. There are no provisions for product returns.

Provisions for discounts to customers are accounted for as reductions in revenues in the same period revenues are recorded.

Cost of goods sold is recognized at the fair value of merchandise sold. Revenue for store sales and the related cost of goods sold is recognized at the time of sale to the customer. All goods are paid for upon delivery.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers (Continued)

Significant Judgements

Significant judgements associated with revenue recognized over time include estimates of time elapsed and time accumulation.

Disaggregation of Revenue from Contracts with Customers

	<u>2025</u>	<u>2024</u>
Point in time recognition		
Subscription series performance	\$ 2,452,243	\$ 2,712,061
Special events	49,457	45,873
Retail	142,059	130,269
	<hr/>	<hr/>
Total point in time recognition	2,643,759	2,888,203
School tuition - over time recognition	2,024,837	1,905,366
	<hr/>	<hr/>
TOTAL	\$ 4,668,596	\$ 4,793,569
	<hr/>	<hr/>

Contract Assets and Liabilities

Contract liabilities consist of deferred performance revenue which consist of advance ticket sales and is liquidated when the performances are executed and are included on the consolidated statements of financial position as deferred revenue. There are no contract assets as of August 1, 2025 and 2024. Contract liabilities were as follows as of August 1:

	<u>2024</u>	<u>2023</u>
Deferred revenue	\$ 752,607	\$ 679,674

Various economic factors could affect the recognition of revenues and cash flows, including the demand for performances, ability to provide services and performances and availability of labor.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The Milwaukee Ballet allocates its expenses on a functional basis among its various programs as summarized on the consolidated statements of functional expenses. Expenses that can be identified with a specific program are allocated directly according to their natural classification. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed. Payroll and related expenses are allocated to the programs based on time and effort. Indirect administrative expenses, such as printing and postage, materials and supplies, miscellaneous and telephone are charged to the programs according to a cost allocation plan based on a percentage of total expenses. Depreciation expense is directly charged to the program that utilizes it, for example sets and costumes. Depreciation on property and equipment utilized by numerous programs is allocated based on square footage.

Retirement Plans

403(b) Plan

Milwaukee Ballet sponsors a 403(b) plan covering substantially all employees working in excess of 1,000 hours per year. The Milwaukee Ballet may make discretionary contributions for the employee's benefit. The Milwaukee Ballet made no contributions to the plan during the fiscal years ending July 31, 2025 and 2024.

Retirement Plan - Union Employees

The Milwaukee Ballet's union employees are covered by union sponsored, collectively bargained, multi-employer retirement plans for dancers and musicians. The total retirement contributions for years ended July 31, 2025 and 2024 were \$42,525 and \$43,533, respectively. These contributions are determined in accordance with the provisions of negotiated labor contracts and are based upon percentage of wages earned by each eligible employee. Union employees have the option of having their contribution made to either Milwaukee Ballet's 403(b) plan or the union sponsored retirement plan. There is no additional obligation to the Milwaukee Ballet beyond the participant contributions.

Prepaid Expenses Related to Future Performances

Operating and performance expenses incurred that relate to a future fiscal year are deferred and recognized in that year. Advertising costs are expensed as incurred, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. Direct-response advertising consists primarily of season brochures that relate to subsequent fiscal year performances. The capitalized costs of the advertising are expensed as the performances occur. As of July 31, 2025 and 2024, \$24,705 and \$21,822, respectively, of capitalized advertising costs are included in prepaid expenses.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Cost

Advertising expense for the years ended July 31, 2025 and 2024 was \$263,505 and \$255,280, respectively.

Income Tax Status

Milwaukee Ballet Company, Inc. and Subsidiary are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) as other than a private foundation and are exempt from federal and state income taxes on related income pursuant to Section 501(a). In addition, Milwaukee Ballet Company, Inc. and Subsidiary qualify for the charitable contribution deduction under Section 170(b)(1)(A).

Milwaukee Ballet files various federal or state non-profit tax returns. Milwaukee Ballet is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2022.

Subsequent Events

Subsequent events are events or transactions that occur after year end but before consolidated financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing consolidated financial statements (that is, recognized subsequent events, or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

Milwaukee Ballet has evaluated subsequent events through November 24, 2025, the date on which the consolidated financial statements were available to be issued and determined that there were no significant non-recognized subsequent events through that date.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2025	2024
Cash and cash - capital projects	\$ 814,071	\$ 1,659,261
Miscellaneous receivables	606	10,181
Pledges receivable	7,347,341	6,948,540
Investments	8,360,957	7,314,398
Total financial assets and liquid resources	16,522,975	15,932,380
Less: Donor imposed restrictions	(13,382,386)	(12,566,349)
Less: Board designated endowment	(2,644,728)	(1,341,340)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 495,861</u>	<u>\$ 2,024,691</u>

The Milwaukee Ballet maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

The Milwaukee Ballet does not intend to spend from its board designated endowment, other than amounts appropriated for general expenditure, however, amounts from its board designated endowment could be made available, if necessary.

3. PLEDGES RECEIVABLE

Unconditional pledges receivable at July 31 are as follows:

	2025	2024
Less than one year	\$ 4,027,659	\$ 667,560
One to five years	3,864,428	7,324,856
Total pledges receivable	7,892,087	7,992,416
Less: Adjustment to present value for future cash flows from pledges receivable	(544,746)	(1,043,876)
PLEDGES RECEIVABLE, NET	<u>\$ 7,347,341</u>	<u>\$ 6,948,540</u>

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. PLEDGES RECEIVABLE (Continued)

The discount rate used to determine the present value of pledges receivable is a risk adjusted rate of approximately 3.8% - 6.6% as of July 31, 2025 and 2024. Pledges receivable are periodically reviewed by management to determine the adequacy of the allowance for doubtful accounts. When all collection efforts have been exhausted, the pledges are written off against the related allowance. Actual write-offs might exceed the recorded allowance. Pledges that are written off and subsequently collected are credited to the allowance for uncollectible accounts. Based upon management's evaluation, the Milwaukee Ballet believes an allowance for doubtful accounts is not necessary for the years ending July 31, 2025 and 2024.

4. PROPERTY, PLANT AND EQUIPMENT

Property and equipment consisted of the following at July 31:

	2025	2024
Land	\$ 2,659,226	\$ 2,659,226
Building and building improvements	13,722,856	13,722,856
Leasehold improvements	222,165	222,165
Production equipment	6,315,361	6,051,576
Dance equipment	399,467	399,467
Furniture and fixtures	1,303,960	1,289,679
Construction in progress	20,694	81,918
	<hr/>	<hr/>
Total	24,643,729	24,426,887
Less: Accumulated depreciation	(5,682,292)	(4,995,248)
	<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>\$ 18,961,437</u>	<u>\$ 19,431,639</u>

5. ASSETS HELD BY THE GREATER MILWAUKEE FOUNDATION

The Greater Milwaukee Foundation (Foundation) established a donor-imposed restricted endowment fund with a donor's bequest that Milwaukee Ballet would be a partial beneficiary (30% interest). As the Foundation maintains variance power in this asset, it is not recorded on Milwaukee Ballet's consolidated statements of financial position.

6. FAIR VALUE MEASUREMENTS

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires the Milwaukee Ballet to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2 or 3, but are separately reported.

The Milwaukee Ballet recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended July 31, 2025 and 2024.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended July 31, 2025 and 2024.

Mutual and money market funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Corporate and municipal bonds: The fair value of investments are based on valuations provided by external investment managers and the custodian. Valuations of investments are provided by the custodial financial institutions based on observable inputs other than quoted prices such as pricing services or indices.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

Assets measured at fair value on a recurring basis as of July 31, are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 64,237	\$ -	\$ -	\$ 64,237
Mutual funds	5,140,545	-	-	5,140,545
Corporate and municipal bonds	-	3,156,175	-	3,156,175
TOTAL INVESTMENTS AT FAIR VALUE	\$ 5,204,782	\$ 3,156,175	\$ -	\$ 8,360,957

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 230,293	\$ -	\$ -	\$ 230,293
Mutual funds	3,808,776	-	-	3,808,776
Corporate and municipal bonds	-	3,275,329	-	3,275,329
TOTAL INVESTMENTS AT FAIR VALUE	\$ 4,039,069	\$ 3,275,329	\$ -	\$ 7,314,398

	2025	2024
Investments	\$ 4,654,307	\$ 4,975,284
Investments, long-term	3,706,650	2,339,114
TOTAL INVESTMENTS	\$ 8,360,957	\$ 7,314,398

6. FAIR VALUE MEASUREMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Milwaukee Ballet believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of the risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

7. ENDOWMENT

The Milwaukee Ballet's endowment consists of individual donor-imposed restricted endowment funds and board designated endowment funds established for a variety of purposes. As required by US 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 Governing Endowments

The Board of Directors of the Milwaukee Ballet has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin State legislature, 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 Milwaukee Ballet classifies as net assets to be held in perpetuity (a) 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 direction 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 will be classified in with donor restricted net assets until those amounts are appropriated for expenditure by Milwaukee Ballet in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Milwaukee Ballet considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the funds, (b) the purpose of the Milwaukee Ballet and the donor restricted endowment, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Milwaukee Ballet, and (g) the investment policies of the Milwaukee Ballet.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of July 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Time or Purpose	Donor Restricted Corpus	
Donor restricted	\$ -	\$ 685,836	\$ 376,086	\$ 1,061,922
Board designated	2,644,728	-	-	2,644,728
TOTAL	\$ 2,644,728	\$ 685,836	\$ 376,086	\$ 3,706,650

Changes in endowment net assets for the year ended July 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Time or Purpose	Donor Restricted Corpus	
Endowment assets, beginning of year	\$ 1,341,340	\$ 621,688	\$ 376,086	\$ 2,339,114
Investment return, net	187,541	64,148	-	251,689
Contributions	1,115,847	-	-	1,115,847
Amounts appropriated for expenditure	-	-	-	-
ENDOWMENT ASSETS, END OF YEAR	\$ 2,644,728	\$ 685,836	\$ 376,086	\$ 3,706,650

Endowment net asset composition by type of fund as of July 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Time or Purpose	Donor Restricted Corpus	
Donor restricted	\$ -	\$ 379,078	\$ 376,086	\$ 755,164
Board designated	1,341,340	242,610	-	1,583,950
TOTAL	\$ 1,341,340	\$ 621,688	\$ 376,086	\$ 2,339,114

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended July 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Time or Purpose	Donor Restricted Corpus	
Endowment net assets, beginning of year	\$ -	\$ 289,591	\$ 376,086	\$ 665,677
Investment return, net	285,195	89,487	-	374,682
Contributions	1,056,145	242,610	-	1,298,755
Amounts appropriated for expenditure	-	-	-	-
ENDOWMENT ASSETS, END OF YEAR	\$ 1,341,340	\$ 621,688	\$ 376,086	\$ 2,339,114

Endowment Investment Policy

Endowment assets include those assets of donor-restricted funds that Milwaukee Ballet must hold in perpetuity or for the donor-specified periods. Under the investment policy, which was adopted by the Board of Directors, the investment portfolio shall be managed with the objective of attaining a comprehensive rate of return given the constraints of aforementioned safety and liquidity objectives. The investment portfolio is subject to periodic review to ensure this objective is met.

To satisfy its long-term rate-of-return objectives, Milwaukee Ballet relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (investment income such as interest and dividends). The Milwaukee Ballet targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy

Milwaukee Ballet has adopted a spending policy which allows for a minimum 4% annual distribution calculating utilizing the calendar year-end average ending balance of the Legacy Fund for the previous three years. The policy is consistent with Milwaukee Ballet's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Milwaukee Ballet has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no amounts underwater as of July 31, 2025 and 2024.

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. COMMITMENTS AND CONTINGENCIES

The Milwaukee Ballet previously received a Paycheck Protection Program (PPP) grant through the Small Business Administration (SBA). The loan was previously forgiven during the year ending July 31, 2021. The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years (2027) after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. Milwaukee Ballet does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

9. OPERATING LINE OF CREDIT

Effective July 5, 2021, Milwaukee Ballet has an available operating line of credit with maximum available borrowings of \$750,000. Borrowings under this line of credit bear interest at the prime rate (7.50% and 8.50% as of July 31, 2025 and 2024, respectively) less 0.50%. The line of credit is due on demand with 90 days written notice from the lender and is secured by physical business assets. There were no outstanding borrowings on the line of credit as of July 31, 2025 and 2024.

10. LEASES

The Organization has operating leases for equipment and building space. Leases have remaining lease terms of 2 to 17 years.

The components of lease expense were as follows for the years ending July 31:

	2025	2024
Operating lease cost	\$ 248,056	\$ 169,893
Short-term lease cost	490,254	365,030
Variable lease cost	34,170	103,181
TOTAL	\$ 772,480	\$ 638,104

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. LEASES (Continued)

Other information related to leases was as follows as of July 31:

Supplemental cash flows information:	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 231,315	\$ 151,341
Right-of-use assets obtained in exchange for lease obligation		
Operating leases	\$ -	\$ 1,205,513
Weighted average remaining lease term		
Operating leases	13.1	15.7
Weighted average discount rate		
Operating leases	3.83%	3.83%

Future minimum lease payments under non-cancellable leases as of July 31, 2025 were as follows:

Year Ending July 31,	Operating
2026	\$ 235,197
2027	244,618
2028	174,901
2029	158,039
2030	88,655
Thereafter	<u>1,377,100</u>
Total future minimum lease payments	2,278,510
Less: Imputed interest	<u>(680,313)</u>
TOTAL	<u><u>\$ 1,598,197</u></u>

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of July 31:

	2025	2024
Restricted as to time and purpose		
Capital campaign	\$ 10,573,578	\$ 9,649,911
Educational programming	171,500	14,500
Facility repairs and maintenance	509,950	509,950
Income earned on endowment funds	443,226	379,078
New works/sets/costumes	76,218	578,076
Legacy	242,610	242,610
Time restriction	1,009,912	898,056
Total restricted as to time and purpose	13,026,994	12,272,181
Restricted in perpetuity		
General endowment	346,086	346,086
Scholarship endowment	30,000	30,000
Total restricted in perpetuity	376,086	376,086
TOTAL	\$ 13,403,080	\$ 12,648,267

12. NONCASH CONTRIBUTIONS

Milwaukee Ballet received the following contributions of nonfinancial assets for the years ended July 31:

	2025	2024
Contributed services		
Cleaning services	\$ 11,769	\$ 8,000
Immigration - legal	-	41,665
Professional services - legal and design	209,211	83,526
Professional services - medical & athletic training	91,855	87,895
Psychological services	31,100	21,140
Sculptures	-	5,000
TOTAL	\$ 343,935	\$ 247,226

12. NONCASH CONTRIBUTIONS (Continued)

Milwaukee Ballet receives contributed services without donor restrictions in the form of cleaning, legal and design services, medical & athletic training, and psychological services. The contributed services are monetized and reported using the billing rates and hours as provided by the individuals and third-party organizations providing those services. Medical and athletic training, psychological services and legal fees incurred for immigration matters are utilized in the Milwaukee Ballet's program services. Other legal and design services are utilized in the management and general function.

Milwaukee Ballet received donated sculptures without donor restrictions. The donated sculptures are recorded as assets and revenue at their estimated fair market value on the date the assets were placed into service.

13. RELATED PARTY TRANSACTIONS

During 2025 and 2024, the Milwaukee Ballet received donations of approximately \$473,000 and \$454,000, respectively, from members of the board of directors and related entities in which the members serve in management roles. The Milwaukee Ballet also received noncash contributions during 2025 of approximately \$313,000. No noncash contributions were received during 2024. Donations received during 2025 and 2024 include capital campaign donations of approximately \$31,000 and \$535,000, respectively. Outstanding pledges receivable at July 31, 2025 and 2024 from members of the board of directors were approximately \$6,876,456 and \$6,939,000, respectively.

SUPPLEMENTARY INFORMATION

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY**CONSOLIDATED SCHEDULES OF OPERATIONAL RESULTS (Unaudited)**

For the Years Ending July 31, 2025 and 2024

	2025	2024
SUPPORT AND REVENUE		
United Performing Arts Fund	\$ 738,216	\$ 803,865
Contributions and grants	1,817,699	1,814,445
Special events	350,118	266,451
Subscription series performance	2,452,243	2,712,061
School tuition	2,024,837	1,905,366
Other support and revenue	984,206	1,012,644
Total revenue and support	8,367,319	8,514,832
EXPENSES		
Program services	6,975,148	6,632,054
Supporting activities	1,305,704	1,138,041
Total expenses	8,280,852	7,770,095
CHANGE IN NET ASSETS BEFORE DEPRECIATION EXPENSE		
	86,467	744,737
Depreciation expense	693,345	699,409
CHANGE IN NET ASSETS AFTER DEPRECIATION EXPENSE		
	\$ (606,878)	\$ 45,328

MILWAUKEE BALLET COMPANY, INC. AND SUBSIDIARY

NOTE TO CONSOLIDATED SCHEDULES OF OPERATIONAL RESULTS (Unaudited)

For the Years Ending July 31, 2025 and 2024

Note to Consolidated Schedule of Operational Results (Unaudited)

The 2024-25 season included performances ranging from classical to modern. The season included the debuts of Casanova to open the season along with a piece choreographed by last season's Genesis competition winner. Three of our own company artists each choreographed a piece that was performed by our company dancers in our own Blackbox Studio. The season favorite, The Nutcracker, as well as a popular story ballet both included live music.

The school had another successful year with both new and returning students joining us. The School & Academy students as well as the Pre-Professional students performed in their year-end showcases. The Pre-Professional program provides students with the opportunity to continue their dance by being selected to join our Second Company Milwaukee Ballet II. One special note is that five Pre-Professional Program students were elevated into the MBII program. Several new initiatives and changes to the Summer Intensive program were favorably received. This included reducing the summer intensive program from a six week program to a five week program. The three week program remained unchanged. There was also significant growth in our newly rebranded adult Dance & Fitness division.

2024-25 general contributed revenue was down year over year due to reduced community engagement funding. There were two major events in 2024-25, the annual Ball and a school event. The Ball was a huge success raising over \$397,000 in revenue, a 27% increase from the prior year.

2024-25 other revenue and support includes \$165,000 of unrealized gains on investments and \$258,000 of interest and dividend income, which is down \$135,000 from the prior year.

Expenses relating to the capital campaign of \$8,605 are excluded from operational results for 2024.