



December 18, 2013

Members of the Board of Directors
Manassas Ballet Theatre

Audit Services:

Government Services
A-133 Audits
ERISA Audits
Not-For-Profits
Commercial Audits
Financial Reviews

Tax Services:

Tax Planning
Tax Preparation
Estates & Trusts
Offer-in-Compromise
Installment Agreements

Accounting Services:

Bookkeeping
Month-end Accounting
Compilations

Business Services:

Business Consulting
Business Plans

We have audited the financial statements of Manassas Ballet Theatre (the Organization) for the year ended July 31, 2013, and have issued our report thereon dated December 18, 2013.

Our professional standards require that we communicate with you regarding certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Organization is responsible. We have prepared the following comments to assist the Board in fulfilling that obligation.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audits of the financial statements of the Organization in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. When performing an audit in accordance with those standards, we are only required to obtain an understanding of the Organization's internal control structure sufficient to enable us to properly plan our audit. Therefore, we cannot provide any assurances about the design or operation of the internal control structure.

Based, in part, on our understanding of the control environment, we designed our audits to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. However, because of the characteristics

of irregularities, particularly those involving forgery and collusion, a properly designed and executed audit may not detect such items.

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING FOR SIGNIFICANT TRANSACTIONS

Management has the responsibility for selection and use of appropriate accounting policies. We have agreed to advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended July 31, 2013. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

DISAGREEMENTS WITH MANAGEMENT

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

Management may, in some cases, decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

ISSUES DISCUSSED PRIOR TO RETENTION OF INDEPENDENT AUDITORS

Our firm did not discuss accounting matters with management prior to retention as the Organization's independent auditors.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audits.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 18, 2013.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached adjusting entries correct material misstatements detected as a result of audit procedures and were recorded by management.

This report is intended solely for the use of the management board and is not intended to be, and should not be, used for any other purpose or by any other parties.

We are pleased to serve as the independent auditors for Manassas Ballet Theatre and would be pleased to answer any questions you may have.

Sincerely,

Hendershot, Burkhardt & Associates, CPAs

Hendershot, Burkhardt & Associates
Certified Public Accountants
Manassas, VA

Manassas Ballet Theatre Adjusting Journal Entries

Date	Num	Name	Memo	Account	Debit	Credit
07/31/2012	HBA1		To record reclassifying entries from FY12 audit t Grants Receivable		57,750.00	
			To record reclassifying entries from FY12 audit t Fulton Bank-Money Market			57,750.00
		Manassas Ballet Theatre	To record reclassifying entries from FY12 audit t Accounts Payable		4,865.42	
			To record reclassifying entries from FY12 audit t Resource Bank/Fulton Bank			4,865.42
			To record reclassifying entries from FY12 audit t Prepaid Expenses		2,791.52	
			To record reclassifying entries from FY12 audit t Insurance - Workers Comp.,D & O			2,791.52
			To correct FY12 audit entry entered into wrong ε Equipment		12,096.30	12,096.30
			To correct FY12 audit entry entered into wrong ε Furniture and Equipment		12,096.30	
					<u>77,503.24</u>	<u>77,503.24</u>
07/31/2012	HBA2		Move "Prior Period Adjustment" items from FY1: Other Liabilities		3,023.14	3,023.14
			Move "Prior Period Adjustment" items from FY1: Unrestricted Net Assets		3,023.14	3,023.14
					<u>3,023.14</u>	<u>3,023.14</u>
08/01/2012	HBA3		To reverse out prior year receivable	Grants Receivable	57,810.00	
			-MULTIPLE-	Fulton Bank-Money Market		60.00
			To reverse out prior year receivable (from FY12 Administration		57,810.00	57,810.00
					<u>57,810.00</u>	<u>57,810.00</u>
07/31/2013	HBA4		To write off deposit that was entered twice (date Fulton Bank-Money Market			1,008.00
			To write off deposit that was entered twice (date Ticket Sales		983.00	
			To write off deposit that was entered twice (date Video Services		25.00	
					<u>1,008.00</u>	<u>1,008.00</u>
07/31/2012	HBA5		To adjust fixed assets to agree with end of FY12 Depreciation			4,144.68
			To adjust fixed assets to agree with end of FY12 Furniture and Equipment		18,000.00	
			To adjust fixed assets to agree with end of FY12 (Gain)Loss on Disposal of Asset		451.42	
			To adjust fixed assets to agree with end of FY12 Unrestricted Net Assets			14,306.74
					<u>18,451.42</u>	<u>18,451.42</u>

Manassas Ballet Theatre Adjusting Journal Entries

Date	Num	Name	Memo	Account	Debit	Credit	
07/31/2013	HBA6		To record FY13 depreciation	Depr and Amort - Allowable	2,990.21		
			To record FY13 depreciation	Accumulated Depreciation		2,990.21	
					<u>2,990.21</u>	<u>2,990.21</u>	
07/31/2013	HBA7		To reverse prior year entry for deferred revenue	Deferred Revenues	33,461.00		
			To reverse prior year entry for deferred revenue	Players		1,800.00	
			To reverse prior year entry for deferred revenue	Golf Tournament Sponsorships		5,100.00	
			To reverse prior year entry for deferred revenue	Season Membership		14,546.00	
			To reverse prior year entry for deferred revenue	Registration Fee		30.00	
			To reverse prior year entry for deferred revenue	Tuition		11,985.00	
						<u>33,461.00</u>	<u>33,461.00</u>
07/31/2013	HBA8		To reclassify revenues for next fiscal year to def Season Membership		15,192.00		
			To reclassify revenues for next fiscal year to def Tuition		6,336.50		
			To reclassify revenues for next fiscal year to def Golf Tournament Sales		150.00		
			To reclassify revenues for next fiscal year to def Golf Tournament Sponsorships		6,900.00		
			To reclassify revenues for next fiscal year to def Players		1,200.00		
			To reclassify revenues for next fiscal year to def Deferred Revenues		29,778.50	29,778.50	
				<u>29,778.50</u>	<u>29,778.50</u>		
07/31/2013	HBA9		To record investment activity for FY13	Costigan Guest Artist Fund	105.30		
			To record investment activity for FY13	Investment Gain or Loss		105.30	
					<u>105.30</u>	<u>105.30</u>	
07/31/2013	HBA10		To record donated services for FY13	Donated Services		51,750.00	
			To record donated services for FY13	Donated Services Expense	51,750.00		
					<u>51,750.00</u>	<u>51,750.00</u>	
07/31/2013	HBA11		Reverse PY accrual of accounts payable	Fed Taxes		8,103.00	
			Reverse PY accrual of accounts payable	Accounts Payable	8,103.00		
		US Treasury			<u>8,103.00</u>	<u>8,103.00</u>	

Manassas Ballet Theatre Adjusting Journal Entries

Date	Num	Name	Memo	Account	Debit	Credit
07/31/2013	HBA12	Amy Grant Wolfe	Colin Tour Reimbursement - related to FY13	Reimbursement	13,000.00	
			Colin Tour Reimbursement - related to FY13	Accounts Payable		13,000.00
					<u>13,000.00</u>	<u>13,000.00</u>
07/31/2013	HBA13		Colin Tour travel - related to FY13	Lodging	1,662.26	
			Colin Tour travel - related to FY13	Car Rental	379.92	
			Colin Tour travel - related to FY13	Shipping	253.68	
			Colin Tour travel - related to FY13	Touring MBT	20.00	
			Colin Tour travel - related to FY13	Office/Studio supplies	89.99	
		Amy Grant Wolfe	Colin Tour travel - related to FY13	Accounts Payable		2,405.85
					<u>2,405.85</u>	<u>2,405.85</u>
07/31/2013	HBA14	American Express	To record Amex Expenses related to FY13	Accounts Payable		1,514.68
		American Express	To record Amex Expenses related to FY13	Internet	30.99	
		American Express	To record Amex Expenses related to FY13	Newspaper Ads	1,210.00	
		American Express	To record Amex Expenses related to FY13	Office/Studio supplies	273.69	
					<u>1,514.68</u>	<u>1,514.68</u>
07/31/2013	HBA15		To record Colin Tour expenses related to FY13	Meals	795.68	
			To record Colin Tour expenses related to FY13	Shipping	110.08	
			To record Colin Tour expenses related to FY13	Car Rental	485.83	
			To record Colin Tour expenses related to FY13	Gas	111.42	
		American Express	To record Colin Tour expenses related to FY13	Accounts Payable		1,503.01
					<u>1,503.01</u>	<u>1,503.01</u>
07/31/2013	HBA16	The Hartford	Portion of Hartford paid 8/1 related to FY13	Insurance - Workers Comp., D & O	489.45	
			Portion of Hartford paid 8/1 related to FY13	Accounts Payable		489.45
					<u>489.45</u>	<u>489.45</u>

**Manassas Ballet Theatre
Adjusting Journal Entries**

Date	Num	Name	Memo	Account	Debit	Credit
07/31/2013	HBA17		To reverse prior year prepaid insurance	Insurance - Workers Comp.,D & O	2,791.52	
			To reverse prior year prepaid insurance	Prepaid Expenses		2,791.52
			To record FY13 prepaid insurance	Prepaid Expenses	368.14	
			To record FY13 prepaid insurance	Insurance - Workers Comp.,D & O		242.72
			To record FY13 prepaid insurance	Property Insurance		125.42
					<u>3,159.66</u>	<u>3,159.66</u>
TOTAL					<u>306,056.46</u>	<u>306,056.46</u>