

**USA DANCE, INC. - NATIONAL**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**RICHARD W. BREWSTER, CPA, PC**

CERTIFIED PUBLIC ACCOUNTANT  
MEDFORD

**USA DANCE, INC. - NATIONAL**  
*For the Year Ended December 31, 2011*

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**INDEPENDENT AUDITOR'S REPORT**

# **RICHARD W. BREWSTER, CPA, PC**

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## **INDEPENDENT AUDITOR'S REPORT**

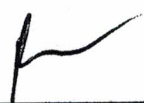
To the Governing Council of  
USA Dance, Inc. - National

I have audited the accompanying statement of financial position of USA Dance, Inc. – National (a nonprofit organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Dance, Inc. - National as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Richard W. Brewster  
Certified Public Accountant

July 30, 2012

**FINANCIAL STATEMENTS**

**USA DANCE, INC. - NATIONAL**  
**Statement of Financial Position**  
*December 31, 2011*

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 567,325
Accounts receivable	74,325
Prepaid expenses	<u>44,096</u>
Total current assets	<u>685,746</u>
Property and equipment	
Office equipment	22,087
Competition management software	<u>25,000</u>
Total property and equipment	47,087
Less accumulated depreciation	<u>(46,605)</u>
Net property and equipment	<u>482</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 686,228</u></u></b>

See notes to financial statements.

**USA DANCE, INC. - NATIONAL**  
**Statement of Financial Position**  
*December 31, 2011*

**LIABILITIES AND NET ASSETS**

Current liabilities

Accounts payable	\$ 49,892
Payroll and payroll related liabilities	1,360
Payable to chapters	1,295
Chapter rebates payable	15,440
Reserve for inactive chapters	7,737
Deferred dues income	<u>265,097</u>

Total current liabilities 340,821

**TOTAL LIABILITIES** 340,821

**NET ASSETS**

Unrestricted	344,457
Temporarily restricted	<u>950</u>

**TOTAL NET ASSETS** 345,407

**TOTAL LIABILITIES AND NET ASSETS** \$ 686,228

See notes to financial statements.



**USA DANCE, INC. - NATIONAL**  
**Statement of Activities**  
*For the Year Ended December 31, 2011*

**UNRESTRICTED NET ASSETS**

Unrestricted revenues	
Contributions	\$ 177,434
Admissions	280,733
Dues	536,025
Advertising and subscriptions	15,942
Interest income	1,110
Miscellaneous income	5,169
Total unrestricted revenues	<u>1,016,413</u>

Net assets released from restrictions	
Restrictions satisfied by payment	<u>(890)</u>

Total unrestricted revenue and other support	<u>1,015,523</u>
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**Expenses**

Program services	
American Dancer	123,417
Chapter Support	84,108
Social Events	51,119
Youth College Network	57,761
National Championship	190,569
Athlete Travel	59,600
IDSF World	496
Membership	71,667
Total program expenses	<u>638,737</u>

Supporting Services	
General and administrative	<u>237,128</u>

Total expenses	<u>875,865</u>
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Increase (decrease) in unrestricted net assets	<u>139,658</u>
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**TEMPORARILY RESTRICTED NET ASSETS**

Net assets released from restrictions	
Restrictions released by payment	<u>890</u>

Increase (decrease) in temporarily restricted net assets	<u>890</u>
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<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>140,548</b>
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<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>204,859</u></b>
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<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 345,407</u></u></b>
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See notes to financial statements.



**USA DANCE, INC. - NATIONAL**  
**Statement of Cash Flows**  
*For the Year Ended December 31, 2011*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contributions	\$ 109,349
Cash received from admissions	280,453
Cash received from dues	534,458
Cash received from advertising subscriptions	17,592
Cash received from interest income	1,110
Cash received from miscellaneous income	4,690
Cash disbursed for programs	(654,937)
Cash disbursed for general supporting services	<u>(235,878)</u>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** 56,837

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 56,837

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 510,488

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 567,325

**RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Increase (decrease) in net assets	\$ 140,548
Adjustments to reconcile increase in net assets used by operating activities:	
Depreciation	2,711
(Increase) decrease in:	
Accounts receivable	(66,085)
Prepaid expenses and advances	(16,873)
Increase (decrease) in:	
Reserve for inactive chapters	(1,131)
Accounts payable and accrued expense	(4,207)
Payable to chapters	3,242
Accrued payroll	30
Deferred income	<u>(1,398)</u>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** \$ 56,837

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**USA DANCE, INC. - NATIONAL**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2011*

**1. NATURE OF THE ORGANIZATION**

USA Dance, Inc. - National (the Organization) is a not-for-profit corporation, exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

The purpose of USA Dance, Inc. - National is to foster and promote ballroom dancing as a healthful, enjoyable, social activity. The Organization serves as the national governing body for DanceSport in the United States. USA Dance, Inc. - National works to encourage the participation of the general public in ballroom dancing, sponsors national competitions and works with professional and international dance organizations.

USA Dance, Inc. - National is organized by regions and operates through local chapters which are designated as affiliates of the national organization. The Governing Council of USA Dance, Inc. - National sets national membership dues and admission charges for national dance events it sponsors. The Organization issues guidelines for chapter operations, chapter annual financial reporting, and dance competition sanctions. The chapters are free to determine local program activities. Chapter community program activities are not included in these financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of USA Dance, Inc. - National is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States, unless otherwise stated, and have been consistently applied in the preparation of the financial statement.

**BASIS OF ACCOUNTING AND PRESENTATION**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 (formally Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*). Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of cash in banks and highly liquid investments with maturity dates of three months or less determined at date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**CASH FLOW**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.



**USA DANCE, INC. - NATIONAL**  
**Notes to Financial Statements (Continued)**  
*For the Year Ended December 31, 2011*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONTRIBUTIONS**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released from restrictions.

**USE OF ESTIMATES**

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

**INVESTMENTS**

Investments consist of Certificates of Deposit and are carried at cost which approximates fair value. There was no unrealized gain or loss on investments in 2011. Interest income is included as an increase in unrestricted net assets in the accompanying statement of activities since its use is unrestricted.

**PROPERTY AND EQUIPMENT**

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. Depreciation expense was \$2,711 for 2011.

Acquisitions of property and equipment in excess of \$500 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

**CONTRIBUTED SERVICES**

A number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

**ADVERTISING EXPENSES**

The Organization expenses all advertising costs as incurred.

**USA DANCE, INC. - NATIONAL**  
**Notes to Financial Statements (Continued)**  
*For the Year Ended December 31, 2011*

**3. INCOME TAXES**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

**4. CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at several financial institutions located in the United States. Interest bearing cash accounts in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Non-interest bearing accounts are fully insured through December 31, 2012. At December 31, 2011, all of the Organization's accounts were covered by the FDIC of \$250,000 or were non-interest bearing and completely covered.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of amounts due for adjudicator fees, advertising, and contributions. At December 31, 2011, \$74,575 was more than 90 days past due. \$68,085 was collected by May 23, 2012.

**6. PREPAIDS**

Prepays consist of the following:

Insurance	\$ 14,922
IDSF	4,730
Organizer (2012 Nationals)	7,500
Editor (Jan/Feb 2012 edition)	8,000
Equipment rent deposit (2012)	8,944
Total	\$ 44,096

**7. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for scholarships.

**8. COMMITMENTS AND CONTINGENCIES**

As of January 2008, the Organization has agreed to have the American Dancers Magazine published bi-monthly at a base cost of \$8,000 per issue for up to 48 pages. Printing and postage will be paid by the Organization directly. There is no written contract covering the publication of the magazine.



**USA DANCE, INC. - NATIONAL**  
**Notes to Financial Statements (Continued)**  
*For the Year Ended December 31, 2011*

**8. COMMITMENTS AND CONTINGENCIES (Continued)**

The Organization signed a contract in 2011 for website revisions and chapter service platform for approximately \$68,000. During 2011, the Organization made a \$28,000 down payment for these web services. The new web services were launched on January 3, 2012. The down payment was recorded as a 2011 expense. The Organization will make \$3,400 monthly payments in 2012.

During 2011, and prior years, the Organization entered into agreements with event facilities for group room rates and function space for Organization events. The following agreements call for liquidated damages if the events are cancelled:

<u>Location of the Event</u>	<u>Dates of Event</u>	<u>Date Cancellation Fees Begin</u>
Renaissance Harborplace Hotel, Baltimore, MD	March 28-April 2, 2012	July 17, 2009
Double Tree by Hilton Boston	August 24-27, 2012	Date signed
Hilton Chicago O'Hare Airport	October 20-22, 2012	November 11, 2011
Hampton Inn & Suites, Columbus, OH	November 15-19, 2012	January 10, 2012
Wyndham Richmond Airport, Richmond, VA	March 7-10, 2013	September 7, 2012
JW Marriott, Los Angeles, CA	April 3-8, 2013	May 16, 2009
Renaissance Harborplace Hotel, Baltimore, MD	March 26-31, 2014	November 22, 2011
Renaissance Harborplace Hotel, Baltimore, MD	March 1-6, 2015	November 22, 2011

**9. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 30, 2012, the date of the report. The report was available to be issued on August 15, 2012.



**SUPPLEMENTARY INFORMATION**

**USA DANCE, INC. - NATIONAL**  
**Schedule of Functional Expenses**  
*For the Year Ended December 31, 2011*

	American Dancer	Chapter Support	Social Events	Youth College Network
Payroll				
Payroll taxes				
Supplies			\$ 1,161	\$ 531
Telephone			40	
Postage and shipping	\$ 20,190		53	-
Printing and publications	52,673		130	564
Travel and lodging	2,425		12,618	11,089
Scholarship and grants		-	2,000	-
Equipment rental and maintenance			2,610	2,298
Conferences and meetings			14,671	
Trophies, medals, and awards			-	668
Promotion and publicity		\$ 31,025	-	
Facilities, food, and music			8,428	2,523
Officials			9,060	33,405
Chapter assistance		52,655		
Temporary help		-		
Bank charges	129	151	348	1,309
Insurance		-		
Payroll processing				
Professional fees	48,000			5,374
Registration fees and permits	-	277		-
Miscellaneous				
Depreciation				
<b>Total</b>	<b>\$ 123,417</b>	<b>\$ 84,108</b>	<b>\$ 51,119</b>	<b>\$ 57,761</b>

<u>National Champion- ship</u>	<u>Athlete Travel</u>	<u>WDSF World</u>	<u>Membership</u>	<u>Total Program</u>	<u>General and Admini- strative</u>	<u>Total Year End 2011</u>
			\$ 27,390	\$ 27,390	\$ 36,820	\$ 64,210
			2,417	2,417	2,728	5,145
\$ 1,718	\$ 5,821	-	13,303	22,534	6,283	28,817
1,242	-	\$ 30	952	2,264	5,687	7,951
-	-	-	13,313	33,556	3,133	36,689
8,073		-		61,440	1,637	63,077
24,256	4,004	466	-	54,858	60,742	115,600
11,482	49,775			63,257	-	63,257
24,948		-	-	29,856	1,929	31,785
-				14,671	375	15,046
1,410		-		2,078	3,071	5,149
2,526		-		33,551	18,435	51,986
21,642		-		32,593	7,711	40,304
68,478		-		110,943	961	111,904
			-	52,655	-	52,655
				-	6,902	6,902
4,794		-	5,922	12,653	1,514	14,167
				-	28,755	28,755
				-	861	861
20,000	-	-	-	73,374	43,922	117,296
-		-	8,370	8,647	2,946	11,593
			-	-	5	5
				-	2,711	2,711
<u>\$ 190,569</u>	<u>\$ 59,600</u>	<u>\$ 496</u>	<u>\$ 71,667</u>	<u>\$ 638,737</u>	<u>\$ 237,128</u>	<u>\$ 875,865</u>