

USA Dance, Inc.

Financial Statements
Year Ended December 31, 2019



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USA DANCE, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
USA Dance, Inc.
Mount Royal, New Jersey**

We have audited the accompanying financial statements of USA Dance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Dance, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

BBD, LLP.

**Philadelphia, Pennsylvania
November 13, 2020**

USA DANCE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

Cash	\$ 317,534
Accounts receivable	3,446
Prepaid expenses	<u>19,011</u>
Total assets	<u>\$ 339,991</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 22,572
Deferred membership dues	<u>174,083</u>
Total liabilities	<u>196,655</u>

NET ASSETS

Without donor restrictions	128,792
With donor restrictions	<u>14,544</u>
Total net assets	<u>143,336</u>
Total liabilities and net assets	<u>\$ 339,991</u>

See accompanying notes

USA DANCE, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Membership dues	\$ 366,011	\$ -	\$ 366,011
Admission fees	126,640	-	126,640
Contributions	56,116	14,544	70,660
Camps	16,675	-	16,675
Other revenue	41,479	-	41,479
Net assets released from restrictions	-	-	-
Total revenue	<u>606,921</u>	<u>14,544</u>	<u>621,465</u>
EXPENSES			
Program services			
National DanceSport championship	160,354	-	160,354
National Collegiate DanceSport championship	105,687	-	105,687
World DanceSport federation	41,122	-	41,122
DanceSport council	79,776	-	79,776
Other programs	15,420	-	15,420
Supporting services			
General and administrative	<u>322,622</u>	<u>-</u>	<u>322,622</u>
Total expenses	<u>724,981</u>	<u>-</u>	<u>724,981</u>
CHANGE IN NET ASSETS	(118,060)	14,544	(103,516)
NET ASSETS			
Beginning of year	<u>246,852</u>	<u>-</u>	<u>246,852</u>
End of year	<u>\$ 128,792</u>	<u>\$ 14,544</u>	<u>\$ 143,336</u>

See accompanying notes

USA DANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	National DanceSport Championship	National Collegiate DanceSport Championship	World DanceSport Federation	DanceSport Council	Other Programs	General and Administrative	Total
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,428	\$ 59,428
Advertising and promotion	7,243	-	276	-	-	3,691	11,210
Bank and credit card fees	4,972	146	-	-	-	15,521	20,639
Insurance	-	-	-	-	-	39,887	39,887
Licenses and registration fees	-	-	11,816	12,491	-	4,936	29,243
Event facilities	40,783	51,634	-	3,600	-	-	96,017
Officials and judges	73,408	23,945	-	18,629	-	-	115,982
Printing and postage	522	225	-	-	8,042	12,724	21,513
Professional fees	5,168	550	-	-	3,600	105,612	114,930
Reserve on loan to chapter	-	-	-	-	-	47,820	47,820
4 Scholarships	2,025	23,490	25,500	43,000	2,500	-	96,515
Travel	14,040	3,819	3,530	1,872	-	9,500	32,761
Other	12,193	1,878	-	184	1,278	23,503	39,036
Total expenses	<u>\$ 160,354</u>	<u>\$ 105,687</u>	<u>\$ 41,122</u>	<u>\$ 79,776</u>	<u>\$ 15,420</u>	<u>\$ 322,622</u>	<u>\$ 724,981</u>

See accompanying notes

USA DANCE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

<i>Change in net assets</i>	\$(103,516)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>	
Loss on disposal of software	7,500
Reserve on loan to chapter	47,820
(Increase) decrease in	
Accounts receivable	(46,936)
Prepaid expenses and other assets	49,146
Increase (decrease) in	
Accounts payable and accrued expenses	(31,476)
Deferred revenue	<u>(6,644)</u>
Net cash used for operating activities and change in cash	<u>(84,106)</u>
CASH	
Beginning of year	<u>401,640</u>
End of year	<u>\$ 317,534</u>

See accompanying notes

USA DANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(1) NATURE OF OPERATIONS

USA Dance, Inc. (the "**Organization**") is a nonprofit organization whose purpose is to increase the quality and quantity of dance in the United States, and to foster and promote dancing as a healthful, enjoyable, social activity. The Organization serves as the national governing body for Dance Sport in the United States and works to encourage participation of the general public in dancing, sponsors national competitions and works with amateur and professional as well as national and international dance organizations. The Organization is organized by districts and operates through local chapters which are designated as affiliates of the national organization.

The financial statements do not include the accounts of the Organization's chapters. The chapters are operated in accordance with the rules and policies adopted by the Organization's Board of Directors. Since the Organization does not control their boards of directors, the Organization has elected not to consolidate their accounts. At December 31, 2019, the chapters have reported the following unaudited financial information to the Organization:

	<u>2019</u>
Assets	\$ 1,393,680
Liabilities	<u>-</u>
Net assets	<u>\$ 1,393,680</u>
Revenues	\$ 1,447,609
Expenses	<u>(1,473,156)</u>
Change in net assets	<u>\$ (25,547)</u>

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution.

The Organization did not have any net assets to be maintained indefinitely at December 31, 2019.

USA DANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Accounting Estimates

In preparing financial statements in accordance with U.S. generally accepted accounting principles ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

Concentrations of Credit Risk

Cash and accounts receivable are financial instruments which potentially subject the Organization to concentrations of credit risk. The Organization maintains cash deposits at a bank and, at times, such deposits may exceed federally-insured limits.

Contributions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized when the related promise to give is received. Conditional contributions are recognized when the conditions are satisfied.

Revenue

Membership dues are invoiced based on fixed rate schedules at the beginning of the membership year or calendar year depending on the type of membership, which creates a deferred revenue balance upon collection. Revenue from membership dues is recognized as revenue on a pro rata basis over the year as the benefits are provided.

Admission fees are based on published fixed rates and collected either at the time of registration, in advance of the event resulting in a deferred revenue balance, or at the time the event takes place and immediately recognized as revenue. Admission revenues are recognized in the period the events are held.

Deferred revenue at December 31, 2019, which consists of memberships dues, is expected to be recognized as revenue in 2020.

Donated Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's mission. The value of these contributed services is not reflected in the financial statements since such services do not meet the criteria for recognition under GAAP.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

USA DANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain tax positions. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes it had no uncertain tax positions.

Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Organization adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

The Organization performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and gains over expenses and losses, or total net assets. The Organization's revenue recognition policies are detailed within Note 2.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019.

(3) LOAN TO CHAPTER

In 2019 the Organization made a \$47,820 loan to one of its chapters. The loan is uncollateralized, and no repayment terms have been established. The Organization has established an allowance for the full amount of the loan. An additional \$42,000 was loaned to the chapter in 2020.

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 were restricted for the 2020 National Collegiate Dance Championship.

(5) MANAGEMENT AGREEMENT

Effective April 1, 2020 the Organization entered into an agreement, expiring on March 31, 2021, with a management company pursuant to which the Organization receives various management services, including those related to general administration, membership, marketing, conferences and financial services. No management fees were incurred by the Organization for 2019.

USA DANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(6) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$317,534
Accounts receivable	<u>3,446</u>
Total financial assets	320,980
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	<u>(14,544)</u>
Total financial assets available within one year	<u>\$306,436</u>

Liquidity Management

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically savings and money market accounts.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2020, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. Except as disclosed in Notes 3 and 5, no other material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements.