

**REPERTORY DANCE THEATRE  
(A Not-for-Profit Corporation)**

**Financial Statements and  
Independent Accountant's Compilation Report**

**June 30, 2019 and 2018**

**REPERTORY DANCE THEATRE  
(A Not-for-Profit Corporation)  
TABLE OF CONTENTS**

---

	<b>Page(s)</b>
<b>Independent Accountant's Compilation Report</b>	1
<b><i>Financial Statements:</i></b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses	6 – 7
Notes to Financial Statements	8 – 16

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Repertory Dance Theatre  
Emmaus, PA

Management is responsible for the accompanying financial statements of Repertory Dance Theatre (a Not-for-Profit Corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

*Campbell, Rappold & Yurasits LLP*

March 10, 2020

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2019 and 2018**  
**Compiled**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 153,997	\$ 4,678
Investments (Note 3)	104,394	100,785
Accounts Receivable	2,300	2,223
Prepaid Expenses	3,018	2,599
Equipment, Net (Note 5)	25	625
<b>TOTAL ASSETS</b>	<b>\$ 263,734</b>	<b>\$ 110,910</b>
<b>LIABILITIES</b>		
Accrued Expenses	\$ 2,224	\$ 2,096
<b>TOTAL LIABILITIES</b>	<b>2,224</b>	<b>2,096</b>
<b>NET ASSETS</b>		
NET ASSETS WITHOUT DONOR RESTRICTIONS	261,510	108,814
<b>TOTAL NET ASSETS</b>	<b>261,510</b>	<b>108,814</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 263,734</b>	<b>\$ 110,910</b>

See independent accountant's compilation report and notes to financial statements

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2019 and 2018**  
**Compiled**

	<u>Year Ended</u> <u>6/30/2019</u>	<u>Year Ended</u> <u>6/30/2018</u>
<i>Revenues, Gains and Other Support:</i>		
Contributions:		
Foundations	\$ 229,500	\$ 87,500
Individuals	16,504	7,168
Government Grants	6,983	6,983
Corporations	3,694	471
Total Contributions	<u>256,681</u>	<u>102,122</u>
Program Service Revenues:		
Performances	75,195	59,238
Tuition and Fees	1,985	5,275
Contracted Services	6,616	1,240
Total Program Service Revenues	<u>83,796</u>	<u>65,753</u>
Other Income:		
Realized/Unrealized Gain (Loss)	(957)	4,195
Interest Income	23	7
Dividend Income (Net of Fees)	4,567	4,071
Total Other Income	<u>3,633</u>	<u>8,273</u>
Total Revenues, Gains and Other Support	<u>344,110</u>	<u>176,148</u>
<i>Expenses:</i>		
Program Services	158,367	143,272
Management and General	25,856	28,970
Fundraising	7,191	7,095
Total Expenses	<u>191,414</u>	<u>179,337</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>152,696</u>	<u>(3,189)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>108,814</u>	<u>112,003</u>
NET ASSETS AT END OF YEAR	<u>\$ 261,510</u>	<u>\$ 108,814</u>

See independent accountant's compilation report and notes to financial statements

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2019 and 2018**  
**Compiled**

	<u>Year Ended</u> <u>6/30/2019</u>	<u>Year Ended</u> <u>6/30/2018</u>
<i><u>Cash Flows from Operating Activities:</u></i>		
CHANGE IN NET ASSETS	\$ 152,696	\$ (3,189)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized (Gain) Loss on Investments	47	(6,417)
Unrealized Loss on Investments	910	2,222
Depreciation Expense	600	600
Increase in Accounts Receivable	(77)	(1,348)
Increase in Prepaid Expenses	(419)	(106)
Decrease in Accounts Payable	-	(7,747)
Increase (Decrease) in Accrued Expenses	<u>128</u>	<u>(1,298)</u>
Net Cash Provided by (Used in) Operating Activities	<u>153,885</u>	<u>(17,283)</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Proceeds from Sale of Investments	17,539	44,027
Purchases of Investments	<u>(22,105)</u>	<u>(23,098)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(4,566)</u>	<u>20,929</u>
Net Increase in Cash and Cash Equivalents	149,319	3,646
Cash and Cash Equivalents at Beginning of Year	<u>4,678</u>	<u>1,032</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 153,997</u>	<u>\$ 4,678</u>

See independent accountant's compilation report and notes to financial statements

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2019**  
**Compiled**

	Program Services	Management and General	Fundraising	2019
Salaries	\$ 24,282	\$ 5,798	\$ 2,400	\$ 32,480
Employee Benefits	28,910	3,412	3,412	35,734
Payroll Taxes	2,318	552	229	3,099
<b>Total Salaries and Benefits</b>	<b>55,510</b>	<b>9,762</b>	<b>6,041</b>	<b>71,313</b>
Production Expense	87,800	-	-	87,800
Occupancy:				
Rent	5,850	2,790	360	9,000
Utilities	1,583	755	97	2,435
Telephone	2,248	937	562	3,747
Maintenance	33	16	2	51
TIP Program:				
Rent and Utilities	281	134	17	432
Other	3,032	264	-	3,296
Professional Fees	-	3,600	-	3,600
Bank Service Charges	-	352	-	352
Dues and Subscriptions	-	1,867	-	1,867
Insurance	1,933	1,192	97	3,222
Office Expenses	-	317	-	317
Postage and Shipping	14	10	10	34
Printing and Publications	-	3,220	-	3,220
Miscellaneous	83	40	5	128
Depreciation	-	600	-	600
<b>Total Expense</b>	<b>\$ 158,367</b>	<b>\$ 25,856</b>	<b>\$ 7,191</b>	<b>\$ 191,414</b>

See independent accountant's compilation report and notes to financial statements



**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2018**  
**Compiled**

	Program Services	Management and General	Fundraising	2018
Salaries	\$ 25,071	\$ 8,365	\$ 2,400	\$ 35,836
Employee Benefits	25,364	2,992	2,992	31,348
Payroll Taxes	2,700	901	258	3,859
<b>Total Salaries and Benefits</b>	<b>53,135</b>	<b>12,258</b>	<b>5,650</b>	<b>71,043</b>
Production Expense	75,407	-	-	75,407
Occupancy:				
Rent	5,980	2,852	368	9,200
Utilities	1,175	560	72	1,807
Telephone	2,375	990	594	3,959
Maintenance	33	16	2	51
TIP Program:				
Rent and Utilities	2,012	960	124	3,096
Other	1,129	98	-	1,227
Professional Fees	-	3,568	-	3,568
Bank Service Charges	-	242	-	242
Dues and Subscriptions	-	1,790	-	1,790
Insurance	1,676	1,034	84	2,794
Office Expenses	-	608	-	608
Postage and Shipping	260	195	195	650
Printing and Publications	-	3,157	-	3,157
Miscellaneous	90	42	6	138
Depreciation	-	600	-	600
<b>Total Expense</b>	<b>\$ 143,272</b>	<b>\$ 28,970</b>	<b>\$ 7,095</b>	<b>\$ 179,337</b>

See independent accountant's compilation report and notes to financial statements

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**1. Nature of Activities and Summary of Significant Accounting Policies**

*Nature of Activities*

Repertory Dance Theatre was founded in 1986 to promote participation in and appreciation of dance and dance-related arts among children of the Lehigh Valley. The Repertory Dance Theatre sponsors classes for inner city youth and provides performance opportunities through two full staging's of ballet per year and participation in area cultural events.

*Basis of Accounting and Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. The Organization currently does not have any net assets with donor restrictions.

*Cash and Cash Equivalents*

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash held for investment purposes is not considered a cash equivalent for the Statements of Cash Flows.

*Accounts Receivable*

Accounts Receivable consists of amounts due for performance and tuition fees. Management has determined that an allowance for doubtful accounts is not necessary. Accounts are charged off when the Organization believes they are uncollectible.

*Investments*

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. All of the Organization's investments are considered to be Level 1 investments.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of the related assets. Additions and betterments of \$500 or more are capitalized while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred.

	<u>Years</u>
Equipment	5

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Income Taxes

Repertory Dance Theatre is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal year 2019 and 2018.

The Organization files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and Form BCO-10 with the Bureau of Charitable Organizations in Pennsylvania.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Revenues

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions received and unconditional promises to give are measured at their fair values are reported as an increase in net assets. Contributions with donor-imposed restrictions are recorded as restricted support, while contributions without donor-imposed restrictions are recorded as net assets without donor restrictions. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports gifts of goods and other assets as net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

The Organization's method for allocating expenses among the functional reporting classifications identified as program expenses, management and general expenses and fundraising expenses are based on estimates made for the time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objectives bases.

Donated Assets and Services

Materials and other assets received as donations are recorded and reflected in the accompanying statement of activities at their fair value on the date they are received.

Concentration of Credit Risk

The Organization places its cash with various financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization typically does not exceed these limits and historically has not experienced any credit related losses.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Subsequent Events

Management has evaluated subsequent events through March 10, 2020 which is the date the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications have no effect on the amounts of net assets or changes in net assets.

New Accounting Pronouncement

In August 2016, the Financial Account Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).

**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 date of the Statements of Financial Position, are comprised of the following:

	<u>6/30/2019</u>
Cash and Cash Equivalents	\$ 153,997
Investments	104,394
Accounts Receivable	<u>2,300</u>
	<u>\$ 260,691</u>

The Organization is supported mainly by contributions and program service fees received from performances that are held throughout the year. The Organization believes these revenue sources in conjunction with assets held at June 30, 2019 are sufficient to enable the Organization to continue to operate for the upcoming year.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**3. Investments**

Investments are composed of the following:

	<u>6/30/2019</u>		<u>6/30/2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money Market Funds	\$ 4,540	\$ 4,540	\$ 4,809	\$ 4,809
Equity Funds	61,494	68,261	58,534	67,496
Fixed Income Funds	29,169	29,535	29,511	28,480
Diversifying Assets	2,170	2,058	-	-
	<u>\$ 97,373</u>	<u>\$ 104,394</u>	<u>\$ 92,854</u>	<u>\$ 100,785</u>

A summary of earnings on investments for the years ended June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Interest and Dividends	\$ 5,569	\$ 5,295
Realized Gain (Loss)	(47)	6,417
Unrealized Loss	(910)	(2,222)
Investment Fees	<u>(1,002)</u>	<u>(1,224)</u>
Total	<u>\$ 3,610</u>	<u>\$ 8,266</u>

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**4. Fair Value Measurements**

Financial Accounting Standards Board ASC 820-10, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Fixed Income and Equity Funds:* Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at net asset value ("NAV") of shares held by the Organization at year end.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**4. Fair Value Measurements**

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 Organization believes its 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019 and 2018:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 4,540	\$ -	\$ -	\$ 4,540
Equity Funds	68,261	-	-	68,261
Fixed Income Funds	29,535	-	-	29,535
Diversifying Assets	2,058	-	-	2,058
Total Assets at Fair Value	\$ 104,394	\$ -	\$ -	\$ 104,394

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 4,809	\$ -	\$ -	\$ 4,809
Equity Funds	67,496	-	-	67,496
Fixed Income Funds	28,480	-	-	28,480
Diversifying Assets	-	-	-	-
Total Assets at Fair Value	\$ 100,785	\$ -	\$ -	\$ 100,785

There were no transfers between Level 1, Level 2 and Level 3 investments in 2019 and 2018. Transfers are recognized at the end of the reporting period.



**REPERTORY DANCE THEATRE  
(A Not-for-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

---

**5. Equipment**

Equipment consists of computers and other office equipment.

	6/30/2019	6/30/2018
Equipment	\$ 5,718	\$ 5,718
Less: Accumulated Depreciation	(5,693)	(5,093)
	\$ 25	\$ 625

Depreciation expense was \$600 for the years ended June 30, 2019 and 2018.

**6. Lease Commitments**

The Organization leases office space for \$400 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. Total rent incurred was \$4,800 for each of the years ended June 30, 2019 and 2018.

The Organization leases a studio and a garage for \$350 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. Total rent incurred was \$4,200 for each of the years ended June 30, 2019 and 2018.

The Organization leases a second studio for \$167 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. Total rent incurred was \$2,000 for each of the years ended June 30, 2019 and 2018.

The Organization leases a garage for \$150 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. Total rent incurred was \$1,800 for each of the years ended June 30, 2019 and 2018.

All of the above leases are with the executive director's father, who is also the assistant executive director of the Organization. In the opinion of management, all of the above leases were at or below market value during both years presented. Actual rent expense paid by the Organization for the years ended June 30, 2019 and 2018 was \$12,868 and \$11,000, respectively.

The Organization also utilizes a third studio for which it does not pay any rent. The lessee is a for-profit dance studio owned and operated by the Organization's executive director as the Dolly Haltzman Dance Academy ("DHDA"). In exchange for the use of this studio, the Organization allows DHDA to use an aforementioned studio at various times throughout the year.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

---

**7. Advertising Costs**

Advertising costs are expensed when incurred and were \$7,369 and \$3,058 during the years ended June 30, 2019 and 2018, respectively. Advertising costs are included within production expenses.