

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

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

**June 30, 2020 and 2019**

**REPERTORY DANCE THEATRE  
(A Not-for-Profit Corporation)  
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## 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, 2020 and 2019, 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*

February 11, 2021

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**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**  
**Compiled**

|  | <u>2020</u>              | <u>2019</u>              |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>                                |                          |                          |
| Cash and Cash Equivalents                    | \$ 136,875               | \$ 153,997               |
| Investments (Note 3)                         | 109,745                  | 104,394                  |
| Accounts Receivable                          | 2,249                    | 2,300                    |
| Prepaid Expenses                             | 3,364                    | 3,018                    |
| Equipment, Net (Note 5)                      | <u>-</u>                 | <u>25</u>                |
| <b>TOTAL ASSETS</b>                          | <b><u>\$ 252,233</u></b> | <b><u>\$ 263,734</u></b> |
| <b>LIABILITIES</b>                           |                          |                          |
| Accounts Payable                             | \$ 5,600                 | \$ -                     |
| Accrued Expenses                             | <u>1,933</u>             | <u>2,224</u>             |
| <b>TOTAL LIABILITIES</b>                     | <b><u>7,533</u></b>      | <b><u>2,224</u></b>      |
| <b>NET ASSETS</b>                            |                          |                          |
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> | <b><u>244,700</u></b>    | <b><u>261,510</u></b>    |
| <b>TOTAL NET ASSETS</b>                      | <b><u>244,700</u></b>    | <b><u>261,510</u></b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>      | <b><u>\$ 252,233</u></b> | <b><u>\$ 263,734</u></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, 2020 and 2019**  
**Compiled**

|   | <u>Year Ended</u><br><u>June 30, 2020</u> | <u>Year Ended</u><br><u>June 30, 2019</u> |
|---|---|---|
| <i><u>Revenues, Gains and Other Support:</u></i>                |   |   |
| Contributions:  |   |   |
| Foundations   | \$ 77,842                                 | \$ 229,500                                |
| Individuals   | 6,821                                     | 16,504                                    |
| Government Grants   | 3,300                                     | 6,983                                     |
| Corporations  | <u>1,500</u>                              | <u>3,694</u>                              |
| Total Contributions   | <u>89,463</u>                             | <u>256,681</u>                            |
| <br>  |   |   |
| Program Service Revenues:                                       |   |   |
| Performances  | 73,402                                    | 75,195                                    |
| Tuition and Fees  | 1,630                                     | 1,985                                     |
| Contracted Services   | <u>6,643</u>                              | <u>6,616</u>                              |
| Total Program Service Revenues                                  | <u>81,675</u>                             | <u>83,796</u>                             |
| <br>  |   |   |
| Other Income:   |   |   |
| Realized/Unrealized Gain (Loss)                                 | 2,089                                     | (957)                                     |
| Interest Income   | 16  | 23  |
| Dividend Income (Net of Fees)                                   | <u>3,262</u>                              | <u>4,567</u>                              |
| Total Other Income  | <u>5,367</u>                              | <u>3,633</u>                              |
| <br>  |   |   |
| Total Revenues, Gains and Other Support                         | <u>176,505</u>                            | <u>344,110</u>                            |
| <br>  |   |   |
| <i><u>Expenses:</u></i>   |   |   |
| Program Services  | 159,650                                   | 158,367                                   |
| Management and General  | 26,085                                    | 25,856                                    |
| Fundraising   | <u>7,580</u>                              | <u>7,191</u>                              |
| <br>  |   |   |
| Total Expenses  | <u>193,315</u>                            | <u>191,414</u>                            |
| <br>  |   |   |
| INCREASE (DECREASE) IN NET ASSETS<br>WITHOUT DONOR RESTRICTIONS | <u>(16,810)</u>                           | <u>152,696</u>                            |
| <br>  |   |   |
| NET ASSETS AT BEGINNING OF YEAR                                 | <u>261,510</u>                            | <u>108,814</u>                            |
| <br>  |   |   |
| NET ASSETS AT END OF YEAR                                       | <u>\$ 244,700</u>                         | <u>\$ 261,510</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, 2020 and 2019**  
**Compiled**

|   | <u>Year Ended</u><br><u>June 30, 2020</u> | <u>Year Ended</u><br><u>June 30, 2019</u> |
|---|---|---|
| <i><u>Cash Flows from Operating Activities:</u></i>   |   |   |
| CHANGE IN NET ASSETS  | \$ (16,810)                               | \$ 152,696                                |
| Adjustments to Reconcile Change in<br>Net Assets to Net Cash Provided by (Used in)<br>Operating Activities: |   |   |
| Realized Loss on Investments  | 1,823                                     | 47  |
| Unrealized (Gain) Loss on Investments   | (3,912)                                   | 910                                       |
| Depreciation Expense  | 25  | 600                                       |
| (Increase) Decrease in Accounts Receivable  | 51  | (77)                                      |
| Increase in Prepaid Expenses  | (346)                                     | (419)                                     |
| Increase in Accounts Payable  | 5,600                                     | -   |
| Increase (Decrease) in Accrued Expenses   | <u>(291)</u>                              | <u>128</u>                                |
| Net Cash Provided by (Used in) Operating Activities   | <u>(13,860)</u>                           | <u>153,885</u>                            |
| <i><u>Cash Flows from Investing Activities:</u></i>   |   |   |
| Proceeds from Sale of Investments   | 9,986                                     | 17,539                                    |
| Purchases of Investments  | <u>(13,248)</u>                           | <u>(22,105)</u>                           |
| Net Cash Used in Investing Activities   | <u>(3,262)</u>                            | <u>(4,566)</u>                            |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (17,122)                                  | 149,319                                   |
| Cash and Cash Equivalents at Beginning of Year  | <u>153,997</u>                            | <u>4,678</u>                              |
| CASH AND CASH EQUIVALENTS AT END OF YEAR  | <u><u>\$ 136,875</u></u>                  | <u><u>\$ 153,997</u></u>                  |

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

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**  
**Compiled**

|                                    | Program<br>Services | Management<br>and General | Fundraising     | 2020              |
|------------------------------------|---------------------|---------------------------|-----------------|-------------------|
| Salaries                           | \$ 25,664           | \$ 5,894                  | \$ 2,360        | \$ 33,918         |
| Employee Benefits                  | 31,219              | 3,700                     | 3,700           | 38,619            |
| Payroll Taxes                      | 2,641               | 607                       | 243             | 3,491             |
| <b>Total Salaries and Benefits</b> | <b>59,524</b>       | <b>10,201</b>             | <b>6,303</b>    | <b>76,028</b>     |
| Production Expense                 | 85,251              | -                         | -               | 85,251            |
| Occupancy:                         |                     |                           |                 |                   |
| Rent                               | 5,980               | 2,852                     | 368             | 9,200             |
| Utilities                          | 854                 | 407                       | 53              | 1,314             |
| Telephone                          | 2,281               | 951                       | 570             | 3,802             |
| Maintenance                        | 46                  | 22                        | 3               | 71                |
| TIP Program:                       |                     |                           |                 |                   |
| Rent and Utilities                 | 2,216               | 1,057                     | 136             | 3,409             |
| Other                              | 1,180               | 103                       | -               | 1,283             |
| Professional Fees                  | -                   | 3,720                     | -               | 3,720             |
| Bank Service Charges               | -                   | 198                       | -               | 198               |
| Dues and Subscriptions             | -                   | 1,576                     | -               | 1,576             |
| Insurance                          | 1,775               | 1,095                     | 89              | 2,959             |
| Office Expenses                    | -                   | 210                       | -               | 210               |
| Postage and Shipping               | 36                  | 27                        | 27              | 90                |
| Printing and Publications          | -                   | 3,400                     | -               | 3,400             |
| Miscellaneous                      | 507                 | 241                       | 31              | 779               |
| Depreciation                       | -                   | 25                        | -               | 25                |
| <b>Total Expense</b>               | <b>\$ 159,650</b>   | <b>\$ 26,085</b>          | <b>\$ 7,580</b> | <b>\$ 193,315</b> |

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



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

|                                    | Program<br>Services | Management<br>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)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

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**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, 2020 and 2019**

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**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 2020 and 2019.

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, 2020 and 2019**

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

Revenue from Contracts with Customers

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 or losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless otherwise restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets are reported as net assets released from restrictions. The Organization's revenue from contracts with customers in the scope of ASC 606 is recognized within Program Service Revenues. The Organization's revenue streams are accounted for in the following segments:

- **Performances:** The Organization earns revenue from ticket sales and advertising space within its program booklet for its dance productions. Productions consist of the Nutcracker, Spring Ballet and numerous community-based performances. The Organization's policy is to recognize revenue from providing performance services at the time the service is performed.
- **Tuition and Fees:** The Organization earns revenue from providing dance lessons to children. The Organization's policy is to recognize revenue from providing dance lessons at the time the service is performed.
- **Contracted Services:** The Organization earns revenue from artist-in-residence programs at inner city schools, and education and outreach programs in collaboration with other arts' organizations throughout the Lehigh Valley. The Organization's policy is to recognize revenue from providing contracted services at the time the service is performed.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions that are required to be reported as net assets with donor restriction support are then reclassified to net assets without donor restriction upon expiration of time restriction or satisfaction of donor restrictions. The Organization does not have any contracts or grants with conditional contributions.

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.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

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

*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.

*Adoption of New Accounting Standards*

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates that affect the Organization's revenue recognition, as noted below. The Updates became effective for fiscal years beginning after December 15, 2018. However, with the ongoing COVID-19 global pandemic, FASB deferred the effective date of ASU No. 2014-09 (Topic 606) to fiscal years beginning after December 15, 2019. The Organization has elected to implement each Update during the fiscal year ended June 30, 2020 and both Updates were retrospectively applied to the fiscal year ended June 30, 2019.

The Organization has adopted the provisions of ASU 2014-09 Not-for-Profit Entities (Topic 606): *Revenue from Contracts with Customers* and all subsequent amendments to the ASU, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize 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 the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

The Organization has also adopted the provisions of ASU 2018-08 Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

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

*Adoption of New Accounting Standards (Continued)*

The Organization's revenues from government grants and contracts, contributions, and investment income are outside the scope of ASC 606. The Organization has determined that the implementation of the Updates did not significantly impact the financial statements and therefore, there were no required prior period adjustments. Refer to *Revenue from Contracts with Customers* within the *Summary of Significant Accounting Policies* for further discussion of the Organization's accounting policies for revenue sources within the scope of ASC 606.

**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:

|                           | 2020       | 2019       |
|---------------------------|------------|------------|
| Cash and Cash Equivalents | \$ 136,875 | \$ 153,997 |
| Investments               | 109,745    | 104,394    |
| Accounts Receivable       | 2,249      | 2,300      |
|                           | \$ 248,869 | \$ 260,691 |

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, 2020 are sufficient to enable the Organization to continue to operate for the upcoming year.

**3. Investments**

Investments are composed of the following:

|                     | 2020      |            | 2019      |            |
|---------------------|-----------|------------|-----------|------------|
|                     | Cost      | Market     | Cost      | Market     |
| Money Market Funds  | \$ 7,598  | \$ 7,598   | \$ 4,540  | \$ 4,540   |
| Equity Funds        | 59,331    | 68,601     | 61,494    | 68,261     |
| Fixed Income Funds  | 29,793    | 31,896     | 29,169    | 29,535     |
| Diversifying Assets | 2,090     | 1,650      | 2,170     | 2,058      |
|                     | \$ 98,812 | \$ 109,745 | \$ 97,373 | \$ 104,394 |

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

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**3. Investments (Continued)**

A summary of earnings on investments for the years ended June 30, 2020 and 2019 are as follows:

|                        | <u>2020</u>     | <u>2019</u>     |
|------------------------|-----------------|-----------------|
| Interest and Dividends | \$ 4,292        | \$ 5,569        |
| Realized Loss          | (1,823)         | (47)            |
| Unrealized Gain (Loss) | 3,912           | (910)           |
| Investment Fees        | <u>(1,030)</u>  | <u>(1,002)</u>  |
| Total                  | <u>\$ 5,351</u> | <u>\$ 3,610</u> |

**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.

**REPERTORY DANCE THEATRE**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

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**4. Fair Value Measurements (Continued)**

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, 2020 and 2019.

*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.

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, 2020 and 2019:

|                     | Assets at Fair Value as of 2020 |             |             |                   |
|---------------------|---------------------------------|-------------|-------------|-------------------|
|                     | Level 1                         | Level 2     | Level 3     | Total             |
| Money Market Funds  | \$ 7,598                        | \$ -        | \$ -        | \$ 7,598          |
| Equity Funds        | 68,601                          | -           | -           | 68,601            |
| Fixed Income Funds  | 31,896                          | -           | -           | 31,896            |
| Diversifying Assets | 1,650                           | -           | -           | 1,650             |
|                     | <b>\$ 109,745</b>               | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 109,745</b> |
|                     | Assets at Fair Value as of 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             |
|                     | <b>\$ 104,394</b>               | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 104,394</b> |

There were no transfers between Level 1, Level 2 and Level 3 investments in 2020 and 2019. Transfers are recognized at the end of the reporting period.



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**5. Equipment**

Equipment consists of computers and other office equipment.

|                                | 2020     | 2019     |
|--------------------------------|----------|----------|
| Equipment                      | \$ 5,718 | \$ 5,718 |
| Less: Accumulated Depreciation | (5,718)  | (5,693)  |
|                                | \$ -     | \$ 25    |

Depreciation expense was \$25 and \$600 for the years ended June 30, 2020 and 2019, respectively.

**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, 2020 and 2019.

The Organization leases a studio and a garage for \$367 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. Total rent incurred was \$4,400 and \$4,200 for each of the years ended June 30, 2020 and 2019, respectively.

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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 2019 was \$11,366 and \$12,868, 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.

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**7. Advertising Costs**

Advertising costs are expensed when incurred and were \$4,336 and \$7,369 during the years ended June 30, 2020 and 2019, respectively. Advertising costs are included within production expenses.

**8. Subsequent Events**

Management is required to consider and investigate the existence of transactions or events that would qualify as subsequent events in relation to their internal and external financial statements. In 2019, a novel strain of coronavirus surfaced in China and has spread around the world, resulting in ongoing business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain or treat its impact, among others.

Subsequent events have been evaluated through February 11, 2021, the date on which the financial statements were available to be issued.