

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

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

June 30, 2022 and 2021

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, 2022 and 2021, 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

May 11, 2023

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REPERTORY DANCE THEATRE
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021
Compiled

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 17,921	\$ 76,723
Investments (Note 3)	118,060	138,884
Accounts Receivable	6,694	4,471
Prepaid Expenses	3,794	3,684
Equipment, Net (Note 5)	<u>833</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 147,302</u>	<u>\$ 223,762</u>
LIABILITIES		
Accounts Payable	\$ 4,599	\$ 200
Accrued Expenses	<u>-</u>	<u>2,081</u>
TOTAL LIABILITIES	<u>4,599</u>	<u>2,281</u>
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>142,703</u>	<u>221,481</u>
TOTAL NET ASSETS	<u>142,703</u>	<u>221,481</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 147,302</u>	<u>\$ 223,762</u>

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, 2022 and 2021
Compiled

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>
<i>Revenues, Gains and Other Support:</i>		
Contributions:		
Foundations	\$ 60,032	\$ 48,500
Individuals	3,088	723
Government Grants	-	5,300
Corporations	210	1,203
Total Contributions	63,330	55,726
Program Service Revenues:		
Performances	55,345	-
Tuition and Fees	1,199	-
Contracted Services	4,400	-
Total Program Service Revenues	60,944	-
Other Income:		
Realized/Unrealized Gain/(Loss)	(25,208)	26,726
Interest Income	4	12
Dividend Income (Net of Fees)	4,384	2,412
Total Other Income	(20,820)	29,150
Total Revenues, Gains and Other Support	103,454	84,876
<i>Expenses:</i>		
Program Services	141,970	81,866
Management and General	31,670	17,959
Fundraising	8,592	8,270
Total Expenses	182,232	108,095
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(78,778)	(23,219)
NET ASSETS AT BEGINNING OF YEAR	221,481	244,700
NET ASSETS AT END OF YEAR	\$ 142,703	\$ 221,481

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, 2022 and 2021
Compiled

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>
<i><u>Cash Flows from Operating Activities:</u></i>		
CHANGE IN NET ASSETS	\$ (78,778)	\$ (23,219)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Realized (Gain) Loss on Investments	(2,313)	(22,798)
Unrealized (Gain) Loss on Investments	27,521	(3,928)
Depreciation Expense	93	-
Increase in Accounts Receivable	(2,223)	(2,222)
Increase in Prepaid Expenses	(110)	(320)
Increase (Decrease) in Accounts Payable	4,399	(5,400)
Increase (Decrease) in Accrued Expenses	<u>(2,081)</u>	<u>148</u>
Net Cash Used in Operating Activities	<u>(53,492)</u>	<u>(57,739)</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Purchases of Equipment	(926)	-
Proceeds from Sale of Investments	56,847	149,428
Purchases of Investments	<u>(61,231)</u>	<u>(151,841)</u>
Net Cash Used in Investing Activities	<u>(5,310)</u>	<u>(2,413)</u>
Net Decrease in Cash and Cash Equivalents	(58,802)	(60,152)
Cash and Cash Equivalents at Beginning of Year	<u>76,723</u>	<u>136,875</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 17,921</u>	<u>\$ 76,723</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, 2022
Compiled

	Program Services	Management and General	Fundraising	2022
Salaries	\$ 29,537	\$ 5,270	\$ 2,600	\$ 37,407
Employee Benefits	35,763	4,276	4,276	44,315
Payroll Taxes	2,042	364	180	2,586
Total Salaries and Benefits	67,342	9,910	7,056	84,308
Production Expense	56,799	-	-	56,799
Occupancy:				
Rent	7,052	3,363	434	10,849
Utilities	1,385	660	85	2,130
Telephone	2,549	1,062	637	4,248
Maintenance	66	32	4	102
TIP Program:				
Rent and Utilities	3,268	1,559	201	5,028
Other	1,016	88	-	1,104
Professional Fees	-	7,825	-	7,825
Bank Service Charges	-	192	-	192
Dues and Subscriptions	-	2,129	-	2,129
Insurance	1,852	1,142	93	3,087
Office Expenses	-	267	-	267
Postage and Shipping	61	46	46	153
Printing and Publications	-	3,025	-	3,025
Miscellaneous	580	277	36	893
Depreciation	-	93	-	93
Total Expense	\$ 141,970	\$ 31,670	\$ 8,592	\$ 182,232

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, 2021
Compiled

	Program Services	Management and General	Fundraising	2021
Salaries	\$ 26,846	\$ 4,643	\$ 2,700	\$ 34,189
Employee Benefits	34,059	4,055	4,055	42,169
Payroll Taxes	2,645	457	266	3,368
Total Salaries and Benefits	63,550	9,155	7,021	79,726
Production Expense	3,251	-	-	3,251
Occupancy:				
Rent	5,915	2,821	364	9,100
Utilities	361	172	22	555
Telephone	2,600	1,084	650	4,334
Maintenance	33	16	2	51
TIP Program:				
Rent and Utilities	1,365	651	84	2,100
Other	2,386	207	-	2,593
Professional Fees	-	-	-	-
Bank Service Charges	-	13	-	13
Dues and Subscriptions	-	2,290	-	2,290
Insurance	2,025	1,249	101	3,375
Office Expenses	-	119	-	119
Postage and Shipping	3	2	2	7
Printing and Publications	-	-	-	-
Miscellaneous	377	180	24	581
Depreciation	-	-	-	-
Total Expense	\$ 81,866	\$ 17,959	\$ 8,270	\$ 108,095

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, 2022 and 2021

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 Statements 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, 2022 and 2021

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 2022 and 2021.

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, 2022 and 2021

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, 2022 and 2021

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.

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 17,921	\$ 76,723
Investments	118,060	138,884
Accounts Receivable	<u>6,694</u>	<u>4,471</u>
	<u>\$ 142,675</u>	<u>\$ 220,078</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, 2022 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, 2022 and 2021

3. Investments

Investments are composed of the following:

	2022		2021	
	Cost	Market	Cost	Market
Money Market Funds	\$ 3,219	\$ 3,219	\$ 7,730	\$ 7,730
Equity Funds	98,087	89,357	82,876	98,291
Fixed Income Funds	29,414	25,484	33,417	32,863
	<u>\$ 130,720</u>	<u>\$ 118,060</u>	<u>\$ 124,023</u>	<u>\$ 138,884</u>

A summary of earnings on investments for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Interest and Dividends	\$ 5,779	\$ 3,628
Realized Gain	2,313	22,798
Unrealized Gain (Loss)	(27,521)	3,928
Investment Fees	(1,395)	(1,216)
Total	<u>\$ (20,824)</u>	<u>\$ 29,138</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.

REPERTORY DANCE THEATRE
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

4. Fair Value Measurements (Continued)

- 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, 2022 and 2021.

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.

REPERTORY DANCE THEATRE
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022 and 2021:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 3,219	\$ -	\$ -	\$ 3,219
Equity Funds	89,357	-	-	89,357
Fixed Income Funds	25,484	-	-	25,484
Total Assets at Fair Value	\$ 118,060	\$ -	\$ -	\$ 118,060

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 7,730	\$ -	\$ -	\$ 7,730
Equity Funds	98,291	-	-	98,291
Fixed Income Funds	32,863	-	-	32,863
Total Assets at Fair Value	\$ 138,884	\$ -	\$ -	\$ 138,884

5. Equipment

Equipment consists of computers and other office equipment.

	2022	2021
Equipment	\$ 6,644	\$ 5,718
Less: Accumulated Depreciation	(5,811)	(5,718)
	\$ 833	\$ -

Depreciation expense was \$93 and \$-0- for the years ended June 30, 2022 and 2021, respectively.

REPERTORY DANCE THEATRE
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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, 2022 and 2021.

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 for each of the years ended June 30, 2022 and 2021.

The Organization leased a second studio for \$167 per month, on a year-to-year basis, with the Organization responsible for insurance and utilities. The lease ended in March 2022. Total rent incurred was \$1,000 and \$2,000, respectively for each of the years ended June 30, 2022 and 2021, respectively.

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.

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 Repertory Ballet Academy ("Formerly Dolly Haltzman Dance Academy").

The Organization also leases a studio in Allentown, Pennsylvania, for \$550 per month, on a year-to-year basis. Total rent incurred was \$1,650 and \$-0-, respectively for each of the years ended June 30, 2022 and 2021, respectively.

Actual rent expense paid by the Organization for the years ended June 30, 2022 and 2021 was \$11,850 and \$11,200 each year, respectively for each of the years ended June 30, 2022 and 2021, respectively.

7. Advertising Costs

Advertising costs are expensed when incurred and were \$1,111 and \$76 during the years ended June 30, 2022 and 2021, respectively. Advertising costs are included within production expenses.

8. Subsequent Events

Management has considered events subsequent to June 30, 2022 that affect the Organization through May 11, 2023, the date the financial statements were available to be issued, and has determined that with the exception of the items noted below, no material subsequent events exist that require disclosure.

REPERTORY DANCE THEATRE
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

8. Subsequent Events (Continued)

Investments are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term. Users of these financial statements should be aware that the financial markets' volatility in 2023 may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of the investments at June 30, 2022 may not necessarily be indicative of the amounts that could be realized in a current market exchange.