

SPANISH DANCE ARTS CO., INC.



**FLAMENCO VIVO CARLOTA SANTANA**

Financial Statements  
and  
Supplementary Information  
(Together with Independent Auditors' Report)

Years Ended June 30, 2015 and 2014

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

**SPANISH DANCE ARTS CO., INC.**

Financial Statements and Supplementary Information

Years Ended June 30, 2015 and 2014

(Together with Independent Auditors' Report)

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**M A R K S P A N E T H**  
ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Spanish Dance Arts Co., Inc.  
New York, NY

We have audited the accompanying financial statements of Spanish Dance Arts, Co., Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Spanish Dance Arts Co., Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the



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financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marks Paneth CP*

New York, NY

December 14, 2015

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

SPANISH DANCE ARTS CO., INC.  
STATEMENTS OF FINANCIAL POSITION

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 8,633	\$ 23,539
Grants receivable	52,285	6,435
Inventory	6,986	6,986
Security deposits	6,554	6,554
Prepaid expenses	9,570	8,994
Property and equipment (net)	885	1,571
<b>TOTAL ASSETS</b>	<u>\$ 84,913</u>	<u>\$ 54,079</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 24,762	\$ 8,293
Deferred income	136	-
<b>TOTAL LIABILITIES</b>	24,898	8,293
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	57,015	45,786
Temporarily restricted	3,000	-
<b>TOTAL NET ASSETS</b>	<u>60,015</u>	<u>45,786</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 84,913</u>	<u>\$ 54,079</u>

The accompanying notes are an integral part of these financial statements

SPANISH DANCE ARTS CO., INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30	
	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUE		
Contributions:		
Foundations	\$ 89,887	\$ 41,674
Corporations	5,000	13,000
Individuals	48,573	32,503
Total Contributions	<u>143,460</u>	<u>87,177</u>
Admissions, education and performance fees	558,812	478,465
Government grants	122,375	67,260
Miscellaneous income	447	67
	<u>681,634</u>	<u>545,792</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>7,000</u>	<u>-</u>
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	<u>832,094</u>	<u>632,969</u>
EXPENSES:		
Program	664,859	477,108
General and administrative	105,664	111,654
Fundraising	50,342	38,071
	<u>820,865</u>	<u>626,833</u>
TOTAL EXPENSES	<u>820,865</u>	<u>626,833</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>11,229</u>	<u>6,136</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	10,000	-
Net assets released from restrictions	(7,000)	-
	<u>3,000</u>	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>3,000</u>	<u>-</u>
INCREASE IN NET ASSETS	14,229	6,136
NET ASSETS - BEGINNING OF YEAR	<u>45,786</u>	<u>39,650</u>
NET ASSETS - END OF YEAR	<u>\$ 60,015</u>	<u>\$ 45,786</u>

The accompanying notes are an integral part of these financial statements.

SPANISH DANCE ARTS CO., INC.

STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 14,229	\$ 6,136
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	686	638
Changes in assets and liabilities:		
Accounts receivable	(45,850)	28,570
Inventory	-	287
Prepaid expenses	(576)	(3,386)
Deferred income	136	(20,000)
Accounts payable	16,469	(9,725)
Payroll taxes payable	-	(789)
	<u>(14,906)</u>	<u>1,731</u>
Net cash (used in)provided by operating activities		
	(14,906)	1,731
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(14,906)	1,731
Cash and cash equivalents, beginning of year	<u>23,539</u>	<u>21,808</u>
Cash and cash equivalents, end of year	<u>\$ 8,633</u>	<u>\$ 23,539</u>

The accompanying notes are an integral part of these financial statements.

SPANISH DANCE ARTS CO. INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

1. Organization

Spanish Dance Arts Co., Inc. (the "Organization") is a not-for-profit organization incorporated in New York City, New York. Its stated purpose is to conduct cultural, charitable and education activities. The Organization's support comes primarily from individuals, corporations, foundations, government grants and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income taxes

The Organization is exempt from federal taxes under Internal Revenue Service Code Section 501(c)(3).

The Organization believes it has no uncertain tax positions as of June 30, 2015 that would require adjustment or disclosure in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes") which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2012.

Financial statement presentation

In accordance with FASB Accounting Standards Codification ("FASB ASC") 958-310, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

In accordance with FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets as indicated above.

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires by the passage of time or its restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



SPANISH DANCE ARTS CO., INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions (Cont'd)

Grants receivable represent amounts committed by donors that have not been received by the Organization.

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets. Fixed assets are capitalized by the Organization for all items of \$1,000 or more with a useful life greater than one year.

Deferred income

Tuition fees are recognized as revenue in the period to which the tuition fees pertain. Fees received in advance are recorded as deferred income and recognized as income in the period in which the fees are earned.

Advertising

The Organization expenses advertising costs in accordance with FASB ASC 340-20. No expenses were deferrable at June 30, 2015.

Inventory Valuation

Inventories are stated at the lower cost determined by the first-in, first-out method, or market.

3. PROPERTY AND EQUIPMENT

Property and equipment is capitalized and carried at cost less accumulated depreciation.

Depreciation is computed on the straight line basis over the estimated useful lives. A summary of property and equipment is as follows:

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
Theatrical equipment	\$ 6,119	\$ 6,119
Office furniture and equipment	<u>75,232</u>	<u>75,232</u>
	81,351	81,351
Less accumulated depreciation	<u>(80,466)</u>	<u>(79,780)</u>
	<u>\$ 885</u>	<u>\$ 1,571</u>

SPANISH DANCE ARTS CO., INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

4. COMMITMENTS AND CONTINGENCIES

Lease

The Organization has an office lease ending December 31, 2016. Rent expense was \$81,779 in 2015 and \$65,564 in 2014.

Future minimum payments under the lease agreement for periods ending subsequent to June 30, 2015 are as follows:

2016	\$ 71,628
2017	\$ 36,516

5. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

6. CONCENTRATIONS

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of June 30, 2015 and 2014, the Organization had cash accounts which did not exceed the FDIC insurance limits.

The Organization receives a majority of its government grants from three agencies. The Organization received approximately 16% and 11% of its revenue from government grants for the years ended June 30, 2015 and 2014.

7. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, Spanish Dance Arts Co., Inc. has reviewed events that have occurred after June 30, 2015 through the date the financial statements were available to be issued, December 14, 2015.

SPANISH DANCE ARTS CO. INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Program	General & Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 241,240	\$ 39,322	\$ 31,533	\$ 312,095
Artist and professional fees	169,925	22,866	-	192,791
Booking agent	36,900	-	-	36,900
Office supplies and computer expenses	-	4,403	-	4,403
Utilities and telephone	1,542	1,542	1,452	4,536
Postage and shipping	2,758	2,758	2,363	7,879
Rent	65,755	16,024	-	81,779
Costumes, materials and supplies	1,081	-	-	1,081
Production	3,965	-	-	3,965
Merchandise	-	-	-	-
Maintenance, repairs and equipment rentals	2,511	2,832	-	5,343
Insurance	4,975	4,974	-	9,949
Marketing and promotions	22,631	-	1,445	24,076
Dues and subscriptions	-	3,099	-	3,099
Travel, lodging and entertainment	111,576	-	-	111,576
Interest expense	-	1,807	-	1,807
Depreciation and amortization	-	685	-	685
Fundraising	-	-	13,549	13,549
Miscellaneous	-	5,352	-	5,352
Total functional expenses	\$ 664,859	\$ 105,664	\$ 50,342	\$ 820,865

The accompanying notes are an integral part of these financial statements.