



**FLAMENCO VIVO**  
**CARLOTA SANTANA**

**Spanish Dance Arts Co., Inc.**

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2021 and 2020**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**SPANISH DANCE ARTS CO., INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Spanish Dance Arts Co., Inc.

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, 2021 and 2020, and the related statements of activities, functional expenses 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, 2021 and 2020, 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.



New York, NY  
December 13, 2021

**SPANISH DANCE ARTS CO., INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
As of June 30,

	<b>2021</b>	<b>2020</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 361,909	\$ 252,792
Grants and other receivables	112,320	95,010
Employee retention tax credit receivable	27,033	-
Inventory	3,763	3,763
Security deposits	7,930	7,930
Prepaid expenses	17,056	11,269
Property and equipment (net)	8,731	11,641
<b>TOTAL ASSETS</b>	<b>\$ 538,742</b>	<b>\$ 382,405</b>
 <b>LIABILITIES:</b>		
Accounts payable	\$ 39,667	\$ 46,332
Paycheck protection program loan	84,000	75,000
<b>TOTAL LIABILITIES</b>	<b>123,667</b>	<b>121,332</b>
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>NET ASSETS</b>		
Without donor restrictions	386,075	201,473
With donor restrictions	29,000	59,600
<b>TOTAL NET ASSETS</b>	<b>415,075</b>	<b>261,073</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 538,742</b>	<b>\$ 382,405</b>

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

**SPANISH DANCE ARTS CO., INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30,

	<b>2021</b>	<b>2020</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUE</b>		
Contributions:		
Foundations	\$ 259,151	\$ 383,400
Corporations	10,000	10,500
Individuals	25,200	53,937
Total contributions	294,351	447,837
Other revenues:		
Admissions, education and performance fees	145,638	504,557
Government grants	272,852	190,145
Employee retention credit	27,033	-
Gain on forgiveness of PPP	75,000	-
Unemployment insurance refund	24,199	-
	544,722	694,702
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	59,600	-
<b>TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>	898,673	1,142,539
<b>EXPENSES:</b>		
Program	473,540	829,335
General and administrative	176,036	187,606
Fundraising	64,495	51,678
<b>TOTAL EXPENSES</b>	714,071	1,068,619
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	184,602	73,920
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Grants - foundation	-	30,600
Grants - government	29,000	29,000
Net assets released from restrictions	(59,600)	-
<b>(DECREASE) INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(30,600)	59,600
<b>INCREASE IN NET ASSETS</b>	154,002	133,520
<b>NET ASSETS - BEGINNING OF YEAR</b>	261,073	127,553
<b>NET ASSETS - END OF YEAR</b>	\$ 415,075	\$ 261,073

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

**SPANISH DANCE ARTS CO., INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 312,541	\$ 88,450	\$ 39,420	\$ 440,411
Artist and professional fees	68,976	43,082	22,835	134,893
Booking agent	434	-	-	434
Office supplies and computer expenses	-	3,845	-	3,845
Utilities and telephone	1,483	1,528	1,483	4,494
Postage and shipping	189	189	162	540
Rent	53,531	15,035	-	68,566
Costumes, materials and supplies	161	-	-	161
Maintenance, repairs and equipment rentals	-	5,085	-	5,085
Insurance	5,714	5,714	-	11,428
Marketing and promotions	24,517	-	-	24,517
Dues and subscriptions	-	7,549	-	7,549
Travel, lodging and entertainment	5,994	-	-	5,994
Interest expense	-	664	-	664
Depreciation and amortization	-	2,910	-	2,910
Hospitality	-	-	595	595
Miscellaneous	-	1,985	-	1,985
Total functional expenses	<u>\$ 473,540</u>	<u>\$ 176,036</u>	<u>\$ 64,495</u>	<u>\$ 714,071</u>

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

**SPANISH DANCE ARTS CO., INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 360,770	\$ 78,698	\$ 34,975	\$ 474,443
Artist and professional fees	176,048	53,016	7,563	236,627
Booking agent	24,875	-	-	24,875
Office supplies and computer expenses	-	3,321	-	3,321
Utilities and telephone	1,286	1,325	1,286	3,897
Postage and shipping	1,891	1,891	1,621	5,403
Rent	101,055	19,552	-	120,607
Costumes, materials and supplies	2,949	-	-	2,949
Production	150	-	-	150
Maintenance, repairs and equipment rentals	-	5,124	-	5,124
Insurance	7,828	7,827	-	15,655
Marketing and promotions	39,197	-	-	39,197
Dues and subscriptions	-	9,095	-	9,095
Travel, lodging and entertainment	108,912	-	-	108,912
Interest expense	-	132	-	132
Depreciation and amortization	-	2,910	-	2,910
Hospitality	-	-	6,233	6,233
Miscellaneous	4,374	4,715	-	9,089
Total functional expenses	<u>\$ 829,335</u>	<u>\$ 187,606</u>	<u>\$ 51,678</u>	<u>\$ 1,068,619</u>

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

**SPANISH DANCE ARTS CO., INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 154,002	\$ 133,520
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,910	2,910
Changes in assets and liabilities:		
Grants and other receivables	(17,310)	(41,555)
Employee retention credit receivable	(27,033)	
Inventory	-	301
Prepaid expenses	(5,787)	7,177
Gain on forgiveness of PPP	(75,000)	-
Accounts payable	(6,665)	26,632
Net cash provided by operating activities	<u>25,117</u>	<u>128,985</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(14,551)
Net cash used in investing activities	<u>-</u>	<u>(14,551)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck protection program loan proceeds	84,000	75,000
Proceeds from line of credit	-	25,000
Repayments of line of credit	-	(25,000)
Net cash provided by financing activities	<u>84,000</u>	<u>75,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>109,117</u>	<u>189,434</u>
Cash and cash equivalents, beginning of year	<u>252,792</u>	<u>63,358</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 361,909</u>	<u>\$ 252,792</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
<b>CASH PAID - Interest</b>	<u>\$ 664</u>	<u>\$ 132</u>

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



**SPANISH DANCE ARTS CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**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**

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. This basis of accounting includes the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

In accordance with Financial Accounting Standards Board Accounting Standards Codification "FASB ASC" 958-310, the Organization is required to report information regarding its net assets and revenues on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Income Taxes

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as a Section 501(c)(3) organization.

The Organization believes it has no uncertain tax positions as of June 30, 2021 that would require adjustment or disclosure in accordance with ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Cash and Cash Equivalents

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

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, salaries and wages, benefits, payroll taxes, professional services, insurance, postage and shipping, and other, which are allocated on the basis of estimates of time and effort.

**SPANISH DANCE ARTS CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

Advertising

The Organization expenses advertising costs in accordance with FASB ASC 340-20. No expenses were deferrable at June 30, 2021. Advertising expense amounted to \$24,873 and \$39,197 for the years ended June 30, 2021 and 2020, respectively.

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 these estimates.

Inventory Valuation

Inventories are stated at the lower cost or net realizable value, as determined on the first-in first-out method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Recently Adopted Accounting Guidance

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), a new standard related to revenue recognition. The new standard requires revenue to be recognized when an entity transfers control of the promised goods or services to customers, in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The Organization elected to adopt the standard using the modified retrospective approach on July 1, 2020. The modified retrospective approach requires the Company to disclose the effect of applying the new guidance on each item included in the Organizations June 30, 2020 financial statements. There was no impact to previously reported revenue or net assets. There was no impact to previously reported accounts receivable balance at June 30, 2020, which was \$95,010.

**SPANISH DANCE ARTS CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**3. PROPERTY AND EQUIPMENT**

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

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

	June 30,	
	2021	2020
Theatrical equipment	\$ 6,119	\$ 6,119
Office furniture and equipment	75,232	75,232
Leasehold improvements	14,551	14,551
	95,902	95,902
Less: accumulated depreciation	(87,171)	(84,261)
	\$ 8,731	\$ 11,641

Depreciation expense for the years ended June 30, 2021 and 2020 was \$2,910 and \$2,910, respectively.

**4. COMMITMENTS AND CONTINGENCIES**

Lease

The Organization has an office and studio lease ending December 31, 2021. Rent expense amounted to \$68,566 and \$120,607 for the years ended June 30, 2021 and 2020, respectively.

Future minimum payments under the lease agreement for years ending subsequent to June 30, 2021 are as follows:

2022	\$ 43,200
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**5. 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, 2021 and 2020, the Organization had a cash account which did exceed the FDIC insurance limits. The overall exposure as of June 30, 2021 and 2020 is \$71,709 and \$2,566.

For the years ended June 30, 2021 and 2020, the Organization received a majority of its government grants from four agencies. The Organization received approximately 41% and 18% of its revenue from government grants for the years ended June 30, 2021 and 2020, respectively.

**6. LINE OF CREDIT**

The Organization has a \$75,000 line of credit with Signature Bank. Interest is payable monthly at the Prime Rate plus 1%. There was no outstanding balance at June 30, 2021 and 2020. The line of credit is collateralized by substantially all assets of the Organization.

**SPANISH DANCE ARTS CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**7. PAYCHECK PROTECTION PROGRAM LOAN & OTHER GOVERNMENTAL ASSISTANCE**

The Organization has taken a Paycheck Protection Program Loan in the amount of \$75,000. The loan was obtained from Signature Bank on May 3, 2020 and carried a 1% interest rate. The balance was due on May 3, 2022. The loan carried an initial deferment period of six months through which time interest accrues. After the deferment period, the loan must be repaid in 18 equal monthly installments of principal and interest. During the current year, the Organization applied for forgiveness on the PPP loan which was approved for the \$75,000 and interest of \$678.08 on April 1, 2021.

The Organization has also taken a Paycheck Protection Program Loan in the amount of \$84,000. The loan was obtained from Signature Bank on February 22, 2021 and carries a 1% interest rate. The balance is due on February 22, 2026. The loan carries an initial deferment period of ten months through which time interest accrues. After the deferment period, the loan must be repaid in 18 equal monthly installments of principal and interest. During the current year, the Organization applied for forgiveness, however the forgiveness was not approved as of June 30, 2021.

The Organization applied for the Employee Retention Credit in the amount of \$27,033 during the year ended June 30, 2021, which is included in Revenue on the Statement of Activities. Laws and regulations concerning government programs, including the Employee Retention Credit, established by the Coronavirus Aid, Relief and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the Employee Retention Credit, and it is not possible to determine the impact, if any, this would have upon the Organization.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions amount to \$29,000 and \$59,600 at June 30, 2021 and 2020, respectively. The amount represents payments received from two grant organizations to be distributed as revenue in the following fiscal year.

**9. LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL PURPOSES**

The Organization regularly monitors liquidity required to meet its operating needs. In addition to financial assets available to meet expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources. As of June 30, 2021 and 2020, the Organization's financial assets were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 361,909	\$ 252,792
Grants and other receivables	<u>112,320</u>	<u>95,010</u>
	<u>\$ 474,229</u>	<u>\$ 347,842</u>

All financial assets are available to meet expenditures over the next 12 months.

**10. SUBSEQUENT EVENTS**

In preparing the accompanying financial statements, Spanish Dance Arts Co., Inc. has reviewed events that have occurred after June 30, 2021 through the date the financial statements were available to be issued, December 13, 2021.

Subsequent to June 30, 2021, the Organization received Shuttered Venue Operator Grants in the amounts of \$162,081 and \$123,040 on September 7, 2021 and October 7, 2021, respectively.

Subsequent to June 30, 2021, on September 9, 2021, the Organization received approval of forgiveness of the balance outstanding for the Paycheck Protection Program Loan, in the amount of \$84,000.