

**AMERICAN BALLROOM THEATER  
COMPANY, INC.**  
**(A Nonprofit Organization)**

**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2007 and 2006



**Sansiveri, Long & Co., L.L.C.**

Certified Public Accountants & Consultants

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

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**SANSIVERI, LONG & CO., L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS  
1135 CLIFTON AVENUE, SUITE 101  
CLIFTON, NEW JERSEY 07013  
TELEPHONE (973) 472-1817  
FAX (973) 472-0117

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
American Ballroom Theater Company, Inc.  
New York, New York

We have audited the accompanying statements of financial position of American Ballroom Theater Company, Inc. (a nonprofit organization) as of June 30, 2007 and 2006 and the related statements of activities and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Ballroom Theater Company, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles accepted in the United States of America.

*Sansiveri, Long & Co., L.L.C.*

Sansiveri, Long & Co., L.L.C.

Clifton, New Jersey  
October 23, 2007

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2007 AND 2006

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 394,443	\$ 575,955
Accounts receivable	225,600	54,985
Accrued income	7,192	-
Prepaid expenses	7,441	11,525
Investments - short-term	99,794	-
Total Current Assets	734,470	642,465
<b>FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net of accumulated depreciation</b>	74,487	12,068
<b>OTHER ASSETS</b>		
Security deposits	465	-
Investments - long-term	457,687	-
Total Other Assets	458,152	-
<b>TOTAL ASSETS</b>	<b>\$ 1,267,109</b>	<b>\$ 654,533</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 94,104	\$ 49,240
Loans payable - short-term	33,148	-
Total Current Liabilities	127,252	49,240
<b>LONG-TERM LIABILITIES</b>		
Loans payable - long-term	50,000	-
Total Long-Term Liabilities	50,000	-
<b>NET ASSETS - UNRESTRICTED</b>	1,089,857	605,293
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,267,109</b>	<b>\$ 654,533</b>

The accompanying notes are an integral part of these financial statements

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**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
<b>SUPPORT AND REVENUE</b>		
Fund raising	\$ 198,842	\$ 205,957
Gifts and grants	540,747	609,790
Dance instruction fees	1,609,503	650,966
Performance fees	21,100	12,150
Licensing fees	130,787	27,165
	<b>2,500,979</b>	<b>1,506,028</b>
<b>EXPENSES</b>		
Program services	1,515,654	830,238
Supporting services		
General and administrative	461,675	247,897
Fund raising	72,092	82,450
	<b>2,049,421</b>	<b>1,160,585</b>
<b>OTHER REVENUES AND EXPENSES</b>		
Interest	29,675	9,116
Dividends	1,211	-
Unrealized gains (losses)	2,133	-
Loss on disposal of asset	( 13 )	( 17 )
Other income	-	7,500
	<b>33,006</b>	<b>16,599</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>		
	<b>484,564</b>	<b>362,042</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>605,293</b>	<b>243,251</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,089,857</b>	<b>\$ 605,293</b>

The accompanying notes are an integral part of these financial statements

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 484,564	\$ 362,042
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	7,748	2,781
Loss on disposal of property and equipment	( 13 )	( 17 )
(Increase) decrease in:		
Accounts receivable	( 170,615 )	92,565
Prepaid expenses	4,083	( 4,796 )
Accrued income	( 7,192 )	-
Increase (decrease) in:		
Accounts payable	32,384	33,962
Accrued expenses	12,481	( 14,539 )
Total Adjustments to Net Assets	( 121,124 )	109,956
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>363,440</b>	<b>471,998</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by investing activities:		
Purchases of property and equipment	( 24,008 )	( 12,410 )
Purchases of leasehold improvements	( 46,147 )	-
Purchases of investment securities	( 557,480 )	-
Security deposits paid	( 465 )	175
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>( 628,100 )</b>	<b>( 12,235 )</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by investing activities:		
Increase (decrease) in:		
Loans payable - short-term	33,148	-
Loans payable - long-term	50,000	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>83,148</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>( 181,512 )</b>	<b>459,763</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>575,955</b>	<b>116,192</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 394,443</b>	<b>\$ 575,955</b>

The accompanying notes are in integral part of these financial statements

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees  
American Ballroom Theater Company, Inc.  
New York, New York

Our report on our audits of the basic financial statements of American Ballroom Theater Company, Inc. (a nonprofit organization) appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on page 6 and the statements of fund raising activities on pages 7 and 8 are presented for purposes of additional analysis and are not required parts of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sansiveri, Long & Co., L.L.C.*

Sansiveri, Long & Co., L.L.C.

Clifton, New Jersey  
October 23, 2007

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**SUPPLEMENTARY INFORMATION - STATEMENTS OF FUNCTIONAL EXPENSES**

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Program services		
Management - artistic	\$ 261,750	\$ 153,940
Dance instructors	912,892	423,808
Program expansion salaries	3,750	-
Outside fees	34,998	31,265
Outside fees - program evaluation	-	28,765
Licenses and fees	4,291	-
Travel and lodging	98,438	60,523
Promotion	42,295	29,995
Taxes	94,941	52,507
Medical insurance	15,509	20,062
Supplies	3,463	1,568
Employee welfare	39,225	27,729
Program expansion costs	3,980	-
Depreciation	122	76
	<u>\$ 1,515,654</u>	<u>\$ 830,238</u>
Total program services expenses		
General and administrative		
Management	76,000	63,940
Office salaries	91,494	16,187
Outside fees	1,230	25,418
Professional fees	37,060	21,819
Office	49,742	17,390
Insurance	22,774	19,321
Taxes	13,495	6,662
Medical insurance	14,520	-
Employee welfare	11,400	11,805
Depreciation	9,815	3,279
Rent	103,200	51,600
Utilities	10,125	3,953
Repairs and maintenance	8,651	2,119
Bank charges	3,073	35
Telephone	5,203	2,664
Recruiting	1,224	738
Interest expense	259	-
Other	2,410	967
	<u>\$ 461,675</u>	<u>\$ 247,897</u>
Total general and administrative expenses		

The accompanying notes are an integral part of these financial statements

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**SUPPLEMENTARY INFORMATION - STATEMENTS OF FUND RAISING ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
Fall "Knickerbocker" fund raiser held on October 12, 2006		
Revenue	\$ 13,450	\$ -
Direct expenses		
Postage	49	-
Printing	708	-
Facility rental	2,900	-
Music - disc jockey	200	-
Music - other	200	-
Supplies and decorations	159	-
Refreshments and food	690	-
Total expenses - fall "Knickerbocker" fund raiser	4,906	-
Net revenue over expenses - fall "Knickerbocker" fund raiser	8,544	-
Fall "mini" fund raiser held on November 4, 2006 and November 5, 2005		
Revenue	6,250	8,345
Direct expenses		
Postage	504	629
Awards	212	333
Printing	670	277
Outside services	120	100
Supplies and decorations	336	288
Refreshments and food	723	1,242
Total expenses - fall "mini" fund raiser	2,565	2,869
Net revenue over expenses - fall "mini" fund raiser	\$ 3,685	\$ 5,476

The accompanying notes are an integral part of these financial statements

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
**SUPPLEMENTARY INFORMATION - STATEMENTS OF FUND RAISING ACTIVITIES**  
(Continued)  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
Annual gala benefit held in February		
Revenue	\$ 179,142	\$ 182,812
Direct expenses		
Postage	756	552
Parking	32	47
Benefit committee meetings	740	575
Printing	2,439	4,767
Outside services	166	170
Video screen rental	1,598	1,538
Floral arrangements and decorations	1,421	1,157
Gifts for dance performers	-	242
Banquet facility	53,329	55,950
Music - orchestra	3,500	3,465
Music - disc jockey	400	450
Music - other	200	-
Videotaping and photographs	40	1,148
Total expenses - annual gala benefit	64,621	70,061
Net revenue over expenses - annual gala benefit	114,521	112,751
Spring "mini" fund raiser held on April 5, 2006		
Revenue	-	14,800
Direct expenses		
Postage	-	240
Printing	-	35
Location rental	-	8,310
Refreshments	-	935
Total expenses - spring "mini" fund raiser	-	9,520
Net revenue over expenses - spring "mini" fund raiser	-	5,280
TOTAL REVENUES FROM FUND RAISING	198,842	205,957
TOTAL FUND RAISING EXPENSES	72,092	82,450
TOTAL REVENUES OVER EXPENSES - FUND RAISING	\$ 126,750	\$ 123,507

The accompanying notes are an integral part of these financial statements

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

American Ballroom Theater Company, Inc. (the Company) is a New Jersey corporation, founded in 1984. The Company's primary activity is social dance instruction classes for New York City public schools and the promotion of ballroom dancing as a social, competitive and theatrical art form. The Company's support comes primarily from donor contributions and dance instruction fees.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenditures are recognized when incurred.

Public Support and Revenues

Individual, foundation, and corporate contributions are generally available for use in the Company's primary activity unless specifically requested by the donor. As of June 30, 2007, there were no restrictions on the Company's assets.

Periodically, the Company hosts fund raising benefit events. There are no restrictions from this support and the funds are used for the Company's primary activity and general company operations.

The Company's revenue is from instruction fees and dance performance fees.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

Depreciation

Furniture and equipment are depreciated by the straight-line method and accelerated methods over their estimated useful lives.

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are composed of bonds and securities. All investments are carried at fair value.

Income Taxes

The Company is a nonprofit organization as described in Section 501(C)(3) and 509(A) of the Internal Revenue Code and is exempt from federal and state income taxes.

Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Note B - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The following is a summary of property and equipment as of June 30, 2007:

Furniture and equipment	\$ 47,886
Leasehold improvements	<u>46,147</u>
	94,033
Less: accumulated depreciation	<u>( 19,546 )</u>
	<u><u>\$ 74,487</u></u>

Depreciation expenses for the fiscal years ended June 30, 2007 and 2006 are \$9,937 and \$3,355 respectively.

Note C - CONCENTRATION OF CREDIT RISK

The Company maintains cash balances in one checking account, one money market checking account and an investment fund account. The checking account and money market checking account are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to a combined total of \$100,000; cash in these institutions exceeded Federally insured limits by \$294,441 as of June 30, 2007. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on this cash or cash equivalent.

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note D - INVESTMENTS

Investments as of June 30, 2007 are summarized as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Short-term investments			
Charles Schwab			
U.S. Treasury Note due 01/31/2008	\$ 99,794	\$ 99,794	\$
Long-term investments			
Delafield Fund, Inc. - 971.966 shares	26,700	28,070	1,370
First Manhattan Co.			
Strategic Value Fund - 1,042.199 shares	26,762	27,524	762
Charles Schwab			
Schwab Value Advantage: SWVXX			
- 61,862.32 shares	61,862	61,862	
U.S. Treasury Note due 07/31/2008	150,424	150,231	
Discover Bank Bond due 01/12/2009	95,000	95,000	
NY Comm'l Bank Bond due 01/20/2009	95,000	95,000	
	\$ 555,542	\$ 557,481	\$ 2,132

The Company's investments include bonds, some of which were bought at either a premium or discount. These premiums and discounts on the face value of the bonds will be amortized over the lives of the bonds. Accordingly, no allowance for unrealized gain or loss is required for these securities.

Note E - COMMITMENTS AND CONTINGENCIES

Operating Lease

The Company conducts its operations in a leased facility on a month-to-month basis. The current lease agreement between the Company's landlord and the property owner was effective beginning July 1, 2004 and will expire on June 30, 2009 unless renewed. For the year ended June 30, 2006, the Company had an agreement that the Company paid 50% of the monthly lease due on the entire unit to the property owner. As of July 1, 2006, the Company has assumed the total lease payment and has use of the entire unit. Rent expenses under this lease for the fiscal years ended June 30, 2007 and 2006 are \$103,200 and \$51,600 respectively.

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note E - COMMITMENTS AND CONTINGENCIES (Continued)

Future Minimum Lease Payments

The future minimum lease payments under operating leases with terms in excess of one year as of June 30, 2007 are as follows:

July 1, 2007 - June 30, 2008	\$ 103,200
July 1, 2008 - June 30, 2009	103,200
	<u>\$ 206,400</u>

Note F - RELATED PARTY TRANSACTIONS

For the year ended June 30, 2006, the Company leased office and ballroom space on a month-to-month basis from a company owned by the Artistic Director and Executive Director. The Company agreed to pay 50% of the total monthly lease due to the property owner for the year ended June 30, 2006. Effective July 1, 2006, this agreement is no longer in effect and the Company has assumed the total lease payment and has use of the entire unit.

As of July 1, 2006 the Company has acquired the net assets of a company owned by the Artistic Director and Executive Director. Included in these net assets are loans made from the Artistic Director and Executive Director to the former company. As of the date of these financial statements, the exact amount of these loans to be repaid and the payment terms have not yet been determined. Per the final records of the former company, these loans have been estimated to be \$50,000. Any changes to this amount or the terms of repayment agreed by the Board of Directors including the Artistic Director and Executive Director will be recorded and noted in future periods as necessary.

Note G - PERFORMANCE FEES

During the fiscal year ended June 30, 2006 the Company began offering paid performances by the students of the Company's programs. The Company charges for these performances, and the students are invited to perform on a volunteer basis.

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note H - DANCE INSTRUCTION FEES

The increase in dance instruction fees received and receivable between the fiscal year ended June 30, 2006 and the fiscal year ended June 30, 2007 is attributable to the additions of a large number of schools to the program during the fiscal year and to the addition of in-house class programs as of July 1, 2006. The Company had over 110 schools participating in their programs for the fiscal year ended June 30, 2006 and nearly 200 schools participating in their programs for the fiscal year ended June 30, 2007. For the year ended June 30, 2007, \$200,203 of dance instruction fees are attributable to in-house class programs.

Note I - LICENSING FEES

During the fiscal year ended June 30, 2006 the Company began offering licensing of and training for youth ballroom dance programs to public school systems outside of the Company's program services area. This licensing and training is intended to continue the success of the Company's youth dance programs into other geographic areas.

The increase in licensing fees received and receivable between the fiscal year ended June 30, 2006 and the fiscal year ended June 30, 2007 is attributable to the fiscal year ended June 30, 2007 being the first full fiscal year in which these licensing and training programs were offered. In addition, an employee was hired for the purposes of promoting these licensing and training

Note J - OTHER INCOME

Beginning with calendar year 2005, the Company is a 5% member of Just One Productions, L.L.C. ("Just One Productions"). Just One Productions is the producing company of the 2005 documentary film "Mad Hot Ballroom", and is distributing a portion of the profits from this film to the Company. These distributions are reportable on a calendar-year basis on form K-1 (1065). Receipts of this nature are classified as "other income" at the time received. No distributions were received or reportable for calendar year 2006 or for the fiscal year ended June 30, 2007 and no distributions are anticipated in future periods.

**AMERICAN BALLROOM THEATER COMPANY, INC.**  
(A Nonprofit Organization)  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note K - FUND RAISING EXPENSES

The fund raising expenses include actual expenses. No indirect costs have been allocated to fund raising expenses.

Note L - LOANS PAYABLE - SHORT-TERM

These loans are payable to Charles Schwab & Co., Inc. as of June 30, 2007 and are margin loans used for the purchases of securities as part of a revolving line of credit through Charles Schwab & Co., Inc.

Note M - LOANS PAYABLE - LONG-TERM

These loans are payable to the Artistic Director and Executive Director as of July 1, 2006 in exchange for the Company's acquisition of the net assets of a company owned by these Directors. As of the date of the financial statements, the total amount of these loans to be repaid and the payment terms have not yet been determined. Per the final records of the former company, these loans have been estimated to be \$50,000. Any changes to this amount of the terms of repayment agreed by the Board of Directors including the Artistic Director and the Executive Director will be recorded and noted in future periods as necessary.