

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

FINANCIAL STATEMENTS

For the Years Ended June 30, 2008 and 2007



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, 2008 AND 2007

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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, 2008 and 2007 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, 2008 and 2007, 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
February 12, 2009

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

JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 525,544	\$ 394,443
Accounts receivable	48,394	225,600
Accrued income	8,946	7,192
Prepaid expenses	16,781	7,441
Investments - short-term	530,017	99,794
Total Current Assets	1,129,682	734,470
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net of accumulated depreciation	81,881	74,487
OTHER ASSETS		
Security deposits	465	465
Investments - long-term	314,637	457,687
Total Other Assets	315,102	458,152
TOTAL ASSETS	\$ 1,526,665	\$ 1,267,109
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 102,390	\$ 94,104
Revenues received in advance	23,965	-
Loans payable - short-term	9,837	33,148
Total Current Liabilities	136,192	127,252
LONG-TERM LIABILITIES		
Loans payable - long-term	50,000	50,000
Total Long-Term Liabilities	50,000	50,000
NET ASSETS - UNRESTRICTED	1,340,473	1,089,857
TOTAL LIABILITIES AND NET ASSETS	\$ 1,526,665	\$ 1,267,109

The accompanying notes are an integral part of these financial statements

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

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
SUPPORT AND REVENUE		
Fund raising	\$ 226,311	\$ 198,842
Gifts and grants	628,285	540,747
Dance instruction fees	1,976,764	1,609,503
Performance fees	28,450	21,100
Licensing fees	121,707	130,787
TOTAL UNRESTRICTED SUPPORT	2,981,517	2,500,979
EXPENSES		
Program services	1,889,832	1,515,654
Supporting services		
General and administrative	790,557	461,675
Fund raising	73,766	72,092
TOTAL EXPENSES	2,754,155	2,049,421
OTHER REVENUES AND EXPENSES		
Interest	28,667	29,675
Dividends	16,590	1,211
Unrealized gains (losses)	(22,003)	2,133
Loss on disposal of asset	-	(13)
TOTAL OTHER REVENUES AND EXPENSES	23,254	33,006
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	250,616	484,564
NET ASSETS AT BEGINNING OF YEAR	1,089,857	605,293
NET ASSETS AT END OF YEAR	\$ 1,340,473	\$ 1,089,857

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, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 250,616	\$ 484,564
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	14,288	7,748
Loss on disposal of property and equipment	-	(13)
(Increase) decrease in:		
Accounts receivable	177,206	(170,615)
Prepaid expenses	(9,340)	4,083
Accrued income	(1,755)	(7,192)
Increase (decrease) in:		
Accounts payable	6,950	32,384
Accrued expenses	1,336	12,481
Revenues received in advance	23,965	-
Total Adjustments to Net Assets	212,650	(121,124)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	463,266	363,440
CASH FLOWS FROM INVESTING ACTIVITIES:		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by investing activities:		
Purchases of property and equipment	(21,681)	(24,008)
Purchases of leasehold improvements	-	(46,147)
Purchases of investment securities	(287,174)	(557,480)
Security deposits paid	-	(465)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(308,855)	(628,100)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by investing activities:		
Increase (decrease) in:		
Loans payable - short-term	(23,310)	33,148
Loans payable - long-term	-	50,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(23,310)	83,148
NET INCREASE (DECREASE) IN CASH	131,101	(181,512)
CASH AT BEGINNING OF YEAR	394,443	575,955
CASH AT END OF YEAR	\$ 525,544	\$ 394,443

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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 statements 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.

Clifton, New Jersey
February 12, 2009

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

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Program services		
Management - artistic	\$ 166,225	\$ 158,250
Dance instructors	1,120,352	912,892
Program expansion salaries	140,450	107,250
Outside fees	45,008	34,998
Licenses and fees	145	4,291
Travel and lodging	133,158	98,438
Promotion	68,123	42,295
Taxes	121,856	94,941
Medical insurance	22,699	15,509
Supplies	5,882	3,463
Employee welfare	37,021	39,225
Program expansion costs	28,496	3,980
Depreciation	417	122
	\$ 1,889,832	\$ 1,515,654
Total program services expenses		
General and administrative		
Management	82,000	76,000
Office salaries	299,630	91,494
Outside fees	660	1,230
Professional fees	34,560	37,060
Office	73,626	49,742
Insurance	60,230	22,774
Taxes	32,392	13,495
Medical insurance	24,731	14,520
Employee welfare	31,746	11,400
Depreciation	13,871	9,815
Rent	103,200	103,200
Utilities	9,639	10,125
Repairs and maintenance	5,155	8,651
Bank charges	4,300	3,073
Telephone	6,587	5,203
Recruiting	3,579	1,224
Interest expense	608	259
Other	4,043	2,410
	\$ 790,557	\$ 461,675
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, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Fall "Knickerbocker" fund raiser held on October 25, 2007 and October 12, 2006		
Revenue	\$ 7,822	\$ 13,450
Direct expenses		
Postage	51	49
Printing	322	708
Facility rental	1,778	2,900
Music - disc jockey	450	200
Music - other	200	200
Supplies and decorations	145	159
Refreshments and food	630	690
Total expenses - fall "Knickerbocker" fund raiser	<u>3,576</u>	<u>4,906</u>
Net revenue over expenses - fall "Knickerbocker" fund raiser	<u>4,246</u>	<u>8,544</u>
Fall "mini" fund raiser held on November 3, 2007 and November 4, 2006		
Revenue	3,950	6,250
Direct expenses		
Postage	410	504
Awards	232	212
Printing	1,175	670
Outside services	-	120
Supplies and decorations	263	336
Refreshments and food	566	723
Total expenses - fall "mini" fund raiser	<u>2,646</u>	<u>2,565</u>
Net revenue over expenses - fall "mini" fund raiser	<u>\$ 1,304</u>	<u>\$ 3,685</u>

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, 2008 AND 2007

	2008	2007
Annual gala benefit held in February		
Revenue	\$ 214,539	\$ 179,142
Direct expenses		
Postage	820	756
Parking	-	32
Benefit committee meetings	273	740
Printing	2,435	2,439
Outside services	-	166
Video screen rental	1,598	1,598
Floral arrangements and decorations	1,088	1,421
Banquet facility	56,292	53,329
Music - orchestra	3,600	3,500
Music - disc jockey	450	400
Music - other	200	200
Videotaping and photographs	788	40
Total expenses - annual gala benefit	67,544	64,621
Net revenue over expenses - annual gala benefit	146,995	114,521
TOTAL REVENUES FROM FUND RAISING	226,311	198,842
TOTAL FUND RAISING EXPENSES	73,766	72,092
TOTAL REVENUES OVER EXPENSES - FUND RAISING	\$ 152,545	\$ 126,750

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, 2008

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, 2008, 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 earns fees for the 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. There are no restrictions from this support and the funds are used for the Company's general operations.

The Company's primary 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.

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

JUNE 30, 2008

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

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

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.

Revenues received in advance

The Company occasionally receives payment of dance instruction fees and revenues related to fund raising events prior to the time that such funds are earned. There are no restrictions from this support and the funds are used for the Company's primary activity and general company operations. Such revenues are recognized at the time that they are earned.

Note B - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The following is a summary of property and equipment as of June 30, 2008:

Furniture and equipment	\$ 69,568
Leasehold improvements	46,147
	<u>115,715</u>
Less: accumulated depreciation	(33,834)
	<u><u>\$ 81,881</u></u>

Depreciation expenses for the fiscal years ended June 30, 2008 and 2007 are \$14,288 and \$9,937 respectively.

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

JUNE 30, 2008

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 \$250,000; cash in these institutions exceeded Federally insured limits by \$274,332 as of June 30, 2008. 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.

Note D - INVESTMENTS

Investments as of June 30, 2008 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments			
Charles Schwab			
U.S. Treasury Note due 07/31/2008	\$ 150,424	\$ 150,017	\$
Midfirst Bond due 08/06/08	95,000	95,000	
Discover Bank Bond due 01/12/2009	95,000	95,000	
NY Comm'l Bank Bond due 01/20/2009	95,000	95,000	
Columbia Bank Bond due 02/04/2009	95,000	95,000	
Long-term investments			
Delafield Fund, Inc. - 4,524.39 shares	117,467	103,699	(13,768)
First Manhattan Co.			
Strategic Value Fund - 4,882.190 shares	114,584	108,482	(6,102)
Charles Schwab			
Schwab Value Advantage: SWVXX			
- 102,456 shares	102,456	102,456	-
	<u>\$ 864,931</u>	<u>\$ 844,654</u>	<u>(\$ 19,870)</u>

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

JUNE 30, 2008

Note D - INVESTMENTS (Continued)

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 contract basis. The current lease agreement between the Company and the property owner was effective beginning July 1, 2004 and will expire on June 30, 2009 unless renewed. Rent expenses under this lease for the fiscal years ended June 30, 2008 and 2007 are \$103,200 per year.

Future Minimum Lease Payments

As of June 30, 2008, the Company does not maintain any operating leases with terms in excess of one year.

Note F - RELATED PARTY TRANSACTIONS

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 - FUND RAISING EXPENSES

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

AMERICAN BALLROOM THEATER COMPANY, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Note H - LOANS PAYABLE - SHORT-TERM

These loans include margin loans payable to Charles Schwab & Co., Inc. used for the purchases of securities as part of a revolving line of credit and balances due on credit card accounts. The balances due on such accounts as of June 30, 2008 are as follows:

Margin loans payable to Charles Schwab & Co., Inc.	\$ 3,945
Purchases on credit cards payable to Chase Bank, N.A.	5,814
Purchases on credit cards payable to Staples Credit Plan	<u>78</u>
	<u>\$ 9,837</u>

Short-term loans payable for the fiscal year ended June 30, 2007 included \$33,148 in margin loans payable to Charles Schwab & Co., Inc. only.

Note I - 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 or 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.

Note J - PROGRAM SERVICES SALARIES - RESTATED

Management - artistic salaries and program expansion salaries have been restated for the year ended June 30, 2007 to reflect program expansion salaries paid to the Company's Artistic Director.