

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

FINANCIAL STATEMENTS

For the Years Ended June 30, 2009 and 2008



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, 2009 AND 2008

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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, 2009 and 2008 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, 2009 and 2008, 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 20, 2010

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

JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 263,871	\$ 525,544
Accounts receivable	155,020	48,394
Accrued investment income	1,586	8,946
Prepaid expenses	19,634	16,781
Investments - short-term	515,000	530,017
Total Current Assets	955,111	1,129,682
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net of accumulated depreciation	53,999	65,735
OTHER ASSETS		
Security deposits	24,665	17,465
Investments - long-term	336,828	314,637
Total Other Assets	361,493	332,102
TOTAL ASSETS	\$ 1,370,603	\$ 1,527,519
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 24,953	\$ 102,390
Revenues received in advance	39,080	23,965
Loans payable - short-term	-	9,837
Total Current Liabilities	64,033	136,192
LONG-TERM LIABILITIES		
Loans payable - long-term	33,000	50,000
Total Long-Term Liabilities	33,000	50,000
NET ASSETS - UNRESTRICTED	1,273,570	1,341,327
TOTAL LIABILITIES AND NET ASSETS	\$ 1,370,603	\$ 1,527,519

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, 2009 AND 2008

	2009	2008
SUPPORT AND REVENUE		
Fund raising	\$ 299,845	\$ 226,311
Gifts and grants	563,075	628,285
Dance instruction fees	1,890,940	1,976,764
Performance fees	5,600	28,450
Licensing fees	148,127	121,707
TOTAL UNRESTRICTED SUPPORT	2,907,587	2,981,517
EXPENSES		
Program services	1,657,382	1,889,832
Supporting services		
General and administrative	1,150,136	790,121
Fund raising	119,806	73,766
TOTAL EXPENSES	2,927,324	2,753,719
OTHER REVENUES AND EXPENSES		
Interest	13,151	28,667
Dividends	1,465	16,590
Unrealized gains (losses)	(62,636)	(22,003)
TOTAL OTHER REVENUES AND EXPENSES	(48,020)	23,254
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(67,757)	251,052
NET ASSETS AT BEGINNING OF YEAR	1,341,327	1,090,275
NET ASSETS AT END OF YEAR	\$ 1,273,570	\$ 1,341,327

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, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	(\$ 67,757)	\$ 251,052
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	13,800	13,852
(Increase) decrease in:		
Accounts receivable	(106,626)	177,206
Prepaid expenses	(2,853)	(9,340)
Accrued investment income	7,360	(1,755)
Increase (decrease) in:		
Accounts payable and accrued expenses	(77,437)	8,286
Revenues received in advance	15,115	23,965
	(150,641)	212,214
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(218,398)	463,266
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	(2,064)	(21,681)
Purchases of investment securities	(7,174)	(287,174)
Security deposits paid	(7,200)	-
	(16,438)	(308,855)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(16,438)	(308,855)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by investing activities:		
Principal repayments on short-term debts	(9,837)	(23,310)
Principal repayments on long-term debts	(17,000)	-
	(26,837)	(23,310)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(26,837)	(23,310)
NET INCREASE (DECREASE) IN CASH	(261,673)	131,101
CASH AT BEGINNING OF YEAR	525,544	394,443
CASH AT END OF YEAR	\$ 263,871	\$ 525,544

The accompanying notes are in integral part of these financial statements

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

JUNE 30, 2009

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, 2009, 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 dance instruction 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, 2009

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 - 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 \$13,871 as of June 30, 2009. 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, 2009

Note C - INVESTMENTS

Investments as of June 30, 2009 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments			
Certificates of Deposit held in Charles Schwab account			
<u>Issuer</u>	<u>Maturity</u>		
Associated Bank	07/21/2009	\$ 120,000	\$ 120,000
Goldman Sachs	07/21/2009	125,000	125,000
Carolina First Bank	08/04/2009	95,000	95,000
Firstbank PR	12/28/2009	175,000	175,000
Long-term investments			
Delafield Fund, Inc. - 5,364.35 shares	134,663	95,002	(39,661)
First Manhattan Co.			
Strategic Value Fund - 5,806.728 shares	131,664	88,843	(42,821)
Charles Schwab			
Schwab U.S. Treasury Money Fund:			
SWUXX - 152,982.59 shares	152,983	152,983	-
	<u>\$ 934,310</u>	<u>\$ 851,828</u>	<u>(\$ 82,482)</u>

The Company's investments include certificates of deposit. Interest income is accrued as issued on these certificates and the value of such investments does not fluctuate based on fair market values. Accordingly, no allowance for unrealized gain or loss is required for these securities.

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

JUNE 30, 2009

Note D - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The following is a summary of property and equipment as of June 30, 2009:

Furniture and equipment	\$ 71,632
Leasehold improvements	29,147
	<u>100,779</u>
Less: accumulated depreciation	(46,780)
	<u><u>\$ 53,999</u></u>

Depreciation expenses for the fiscal years ended June 30, 2009 and 2008 are \$13,800 and \$13,852 respectively. Refer to Note J for a summary of items restated for the years ended June 30, 2008 and 2007 that include balances of leasehold improvements and accumulated depreciation.

Note E - LOANS PAYABLE - SHORT-TERM

Short-term loans payable as of June 30, 2008 included \$3,945 in margin loans and \$5,892 payable on credit card accounts.

Note F - LOANS PAYABLE - LONG-TERM

These loans are payable to the Executive Director and former Executive Director as of July 1, 2006 in exchange for the Company's acquisition of the net assets of a company previously 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. As of June 30, 2009, the balance remaining on these loans has been estimated to be \$33,000. Any changes to this amount or the terms of repayment agreed by the Board of Directors including the 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.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Note H - 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 June 1, 2009 and will expire on May 31, 2014 unless renewed or cancelled by the Company (option available after May 31, 2012). Rent expenses under this lease for the fiscal years ended June 30, 2009 and 2008 are \$106,700 and \$103,200 respectively.

Future Minimum Lease Payments

The future minimum lease payments under operating leases with terms in excess of one year as of June 30, 2009 are as follows:

July 1, 2009 - June 30, 2010	\$ 144,000
July 1, 2010 - June 30, 2011	144,000
July 1, 2011 - June 30, 2012	144,000
July 1, 2012 - June 30, 2013	144,000
July 1, 2013 - May 31, 2014	132,000
	<u>\$ 708,000</u>

Note I - RELATED PARTY TRANSACTIONS

As of July 1, 2006 the Company has acquired the net assets of a company previously owned by the Executive Director and the former Executive Director ("the Owners"), including loans payable to the Owners by 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. As of June 30, 2009, the balance remaining on these loans has been estimated to be \$33,000. Any changes to this amount or the terms of repayment agreed by the Board of Directors including the Executive Director will be recorded and noted in future periods as necessary.

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

JUNE 30, 2009

Note J - RESTATED ITEMS

Amounts previously reported for the year ended June 30, 2008 have been restated due to a correction made for \$17,000 originally recorded as leasehold improvements that has been reclassified as a lease security deposit effective at July 1, 2006. This restatement is reflected in the balances as of June 30, 2008 and the activities for the year then ended in order to maintain comparability between the two years reported in these financial statements. The net affect of this correction is the reversal of depreciation expense in the aggregate amount of \$854 for the years ended June 30, 2008 and 2007.

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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 12 and the statements of fund raising activities on pages 13 and 14 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
February 20, 2010

AMERICAN BALLROOM THEATER COMPANY, INC.

(A Nonprofit Organization)

SUPPLEMENTARY INFORMATION - STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Program services		
Management - artistic	\$ 60,507	\$ 166,225
Dance instructors	1,125,250	1,120,352
Program expansion salaries	135,990	140,450
Outside fees	27,615	45,008
Licenses and fees	4,905	145
Travel and lodging	31,814	133,158
Promotion	83,504	68,123
Taxes	117,235	121,856
Medical insurance	18,871	22,699
Supplies	5,244	5,882
Employee welfare	21,855	37,021
Program expansion costs	24,134	28,496
Depreciation	458	417
	<u>\$ 1,657,382</u>	<u>\$ 1,889,832</u>
Total program services expenses		
General and administrative		
Management	92,959	82,000
Office salaries	540,161	299,630
Outside fees	8,140	660
Professional fees	23,560	34,560
Office	27,838	36,393
Computer and website	37,456	37,233
Insurance	75,775	60,230
Taxes	56,164	32,392
Medical insurance	59,143	24,731
Employee welfare	70,644	31,746
Depreciation	13,342	13,435
Rent	106,700	103,200
Utilities	11,581	9,639
Repairs and maintenance	11,613	5,155
Bank charges	4,334	4,300
Telephone	5,684	6,587
Recruiting and training	1,840	3,579
Interest expense	79	608
Other	3,123	4,043
	<u>\$ 1,150,136</u>	<u>\$ 790,121</u>
Total general and administrative expenses		

The accompanying notes are an integral part of these financial statements

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SANSIVERI, LONG & CO., L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

AMERICAN BALLROOM THEATER COMPANY, INC.

(A Nonprofit Organization)

SUPPLEMENTARY INFORMATION - STATEMENTS OF FUND RAISING ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Fall Junior Board benefit held on October 1, 2008		
Revenue	\$ 18,765	\$ -
Direct expenses		
Printing	1,072	-
Photography	1,125	-
Catering and refreshments	9,698	-
Other event costs	451	-
Total expenses - Junior Board benefit	<u>12,346</u>	<u>-</u>
Net revenue over expenses - Junior Board benefit	<u>6,419</u>	<u>-</u>
Fall "Knickerbocker" fund raiser held on October 25, 2007		
Revenue	-	7,822
Direct expenses		
Printing	-	322
Facility rental	-	1,778
Music and performances	-	650
Refreshments and food	-	630
Other event costs	-	196
Total expenses - fall "Knickerbocker" fund raiser	<u>-</u>	<u>3,576</u>
Net revenue over expenses - fall "Knickerbocker" fund raiser	<u>-</u>	<u>4,246</u>
Fall "mini" fund raiser held on November 1, 2008 and November 3, 2007		
Revenue	4,152	3,950
Direct expenses		
Printing	1,186	1,175
Refreshments and food	845	566
Other event costs	724	905
Total expenses - fall "mini" fund raiser	<u>2,755</u>	<u>2,646</u>
Net revenue over expenses - fall "mini" fund raiser	<u>\$ 1,397</u>	<u>\$ 1,304</u>

The accompanying notes are an integral part of these financial statements

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SANSIVERI, LONG & CO., L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

AMERICAN BALLROOM THEATER COMPANY, INC.
(A Nonprofit Organization)
SUPPLEMENTARY INFORMATION - STATEMENTS OF FUND RAISING ACTIVITIES
(Continued)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Annual gala benefit held in February		
Revenue	\$ 272,388	\$ 214,539
Direct expenses		
Printing	15,705	2,435
Event promotion	5,000	-
Decorations and presentations	3,411	2,686
Banquet facility	67,431	56,292
Music and performances	6,750	4,250
Videotaping and photographs	3,585	788
Other event costs	2,400	1,093
Total expenses - annual gala benefit	104,282	67,544
Net revenue over expenses - annual gala benefit	168,106	146,995
"Studio" fund raiser held on March 19, 2009		
Revenue	4,540	-
Direct expenses	423	-
Total expenses - "Studio" fund raiser	423	-
Net revenue over expenses - "Studio" fund raiser	4,117	-
 TOTAL REVENUES FROM FUND RAISING	 299,845	 226,311
TOTAL FUND RAISING EXPENSES	119,806	73,766
TOTAL REVENUES OVER EXPENSES - FUND RAISING	\$ 180,039	\$ 152,545

The accompanying notes are an integral part of these financial statements