

USA DANCE, INC. - NATIONAL
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT
MEDFORD

USA DANCE, INC. - NATIONAL
For the Year Ended December 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
Supplementary Information:	
Schedule of Functional Expenses	10

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Governing Council of
USA Dance, Inc. - National

I have audited the accompanying financial statements of USA Dance, Inc. - National (the Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

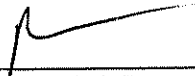
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Dance, Inc. - National as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (SI), as listed in the table of contents, 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 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Richard W. Brewster
Certified Public Accountant

September 19, 2013

FINANCIAL STATEMENTS

USA DANCE, INC. - NATIONAL
Statement of Financial Position
December 31, 2012

ASSETS

Current assets	
Cash and cash equivalents	\$ 659,084
Accounts receivable	14,513
Prepaid expenses	<u>38,268</u>
Total current assets	<u>711,865</u>
Property and equipment	
Office equipment	4,579
Less accumulated depreciation	<u>(4,440)</u>
Net property and equipment	<u>139</u>
TOTAL ASSETS	<u><u>\$ 712,004</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 24,081
Payroll and payroll related liabilities	4,377
Reserve for inactive chapters	3,371
Deferred dues income	<u>252,716</u>
Total current liabilities	<u>284,545</u>
TOTAL LIABILITIES	<u>284,545</u>
NET ASSETS	
Unrestricted	426,509
Temporarily restricted	<u>950</u>
TOTAL NET ASSETS	<u>427,459</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 712,004</u></u>

See notes to financial statements.

USA DANCE, INC. - NATIONAL
Statement of Activities
For the Year Ended December 31, 2012

UNRESTRICTED NET ASSETS

Unrestricted revenues	
Contributions	\$ 122,850
Admissions	273,856
Dues	524,999
Advertising and subscriptions	7,970
Interest income	726
Miscellaneous income	15,160
Total unrestricted revenues	<u>945,561</u>
 Total unrestricted revenue and other support	 <u>945,561</u>

Expenses	
Program services	
American Dancer	115,801
Chapter Support	45,809
Social Events	94,037
Youth College Network	52,457
National Championship	200,153
Athlete Travel	62,752
IDSF World	1,463
Membership	63,022
Total program expenses	<u>635,494</u>
 Supporting Services	
General and administrative	<u>228,015</u>
 Total expenses	 <u>863,509</u>

INCREASE (DECREASE) IN NET ASSETS	82,052
 NET ASSETS AT BEGINNING OF YEAR	 <u>345,407</u>
 NET ASSETS AT END OF YEAR	 <u><u>\$ 427,459</u></u>

See notes to financial statements.

USA DANCE, INC. - NATIONAL
Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions	\$ 189,925
Cash received from admissions	274,136
Cash received from dues	511,854
Cash received from advertising subscriptions	1,790
Cash received from interest income	726
Cash received from miscellaneous income	7,264
Cash disbursed for programs	(672,367)
Cash disbursed for general supporting services	<u>(221,569)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>91,759</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,759
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>567,325</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 659,084</u></u>
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ 82,052
Adjustments to reconcile increase in net assets used by operating activities:	
Depreciation	343
(Increase) decrease in:	
Accounts receivable	59,812
Prepaid expenses and advances	5,828
Increase (decrease) in:	
Reserve for inactive chapters	(4,366)
Accounts payable and accrued expenses	(25,811)
Payable to chapters	(16,735)
Accrued payroll	3,017
Deferred income	<u>(12,381)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 91,759</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

USA DANCE, INC. - NATIONAL
Notes to Financial Statements
For the Year Ended December 31, 2012

1. NATURE OF THE ORGANIZATION

USA Dance, Inc. - National (the Organization) is a not-for-profit corporation, exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

The purpose of USA Dance, Inc. - National is to foster and promote ballroom dancing as a healthful, enjoyable, social activity. The Organization serves as the national governing body for DanceSport in the United States. USA Dance, Inc. - National works to encourage the participation of the general public in ballroom dancing, sponsors national competitions and works with professional and international dance organizations.

USA Dance, Inc. - National is organized by regions and operates through local chapters which are designated as affiliates of the national organization. The Governing Council of USA Dance, Inc. - National sets national membership dues and admission charges for national dance events it sponsors. The Organization issues guidelines for chapter operations, chapter annual financial reporting, and dance competition sanctions. The chapters are free to determine local program activities. Chapter community program activities are not included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of USA Dance, Inc. - National is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States, unless otherwise stated, and have been consistently applied in the preparation of the financial statement.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 (formally Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*). Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash in banks and highly liquid investments with maturity dates of three months or less determined at date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

CASH FLOW

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

USA DANCE, INC. - NATIONAL
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released from restrictions.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles 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 those estimates.

INVESTMENTS

Investments consist of Certificates of Deposit and are carried at cost which approximates fair value. There was no unrealized gain or loss on investments in 2012. Interest income is included as an increase in unrestricted net assets in the accompanying statement of activities since its use is unrestricted.

PROPERTY AND EQUIPMENT

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. Depreciation expense was \$343 for 2012.

Acquisitions of property and equipment in excess of \$500 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

CONTRIBUTED SERVICES

A number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

ADVERTISING EXPENSES

The Organization expenses all advertising costs as incurred.

USA DANCE, INC. - NATIONAL
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2012

3. INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

4. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in the United States. Interest bearing cash accounts in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2012, all of the Organization's accounts were covered by the FDIC of \$250,000 or by the FDIC's Transaction Account Guarantee Program.

5. ACCOUNTS RECEIVABLE

Accounts receivable consisted of amounts due for adjudicator fees, advertising, and contributions. At December 31, 2012, \$14,413 was more than 90 days past due. \$5,510 was collected by April 30, 2013.

6. PREPAIDS

Prepays consist of the following:

Insurance	\$ 15,437
IDSF	2,795
Organizer (2013 Nationals)	6,000
Editor (Jan/Feb 2013 edition)	8,000
Fees	6,036
Total	<u>\$ 38,268</u>

7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for scholarships.

8. COMMITMENTS AND CONTINGENCIES

As of January 2008, the Organization has agreed to have the American Dancers Magazine published bi-monthly at a base cost of \$8,000 per issue for up to 48 pages. Printing and postage will be paid by the Organization directly. There is no written contract covering the publication of the magazine.

USA DANCE, INC. - NATIONAL
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2012

8. COMMITMENTS AND CONTINGENCIES (Continued)

During 2012, and prior years, the Organization entered into agreements with event facilities for group room rates and function space for Organization events. The following agreements call for liquidated damages if the events are cancelled:

<u>Location of the Event</u>	<u>Dates of Event</u>	<u>Date Cancellation Fees Begin</u>
Wyndham Richamond Airport, Richmond, VA	March 7-10, 2013	September 7, 2012
JW Marriott, Los Angeles, CA	April 3-8, 2013	May 16, 2009
Hilton Chicago O'Hare Airport, Chicago, IL	October 18-20, 2013	At date of signing
Hampton Inn & Suites, Columbus, OH	November 21-25, 2013	At date of signing
Hilton Irvine/Orange County Airport, Irvine, CA	March 6-9, 2014	At date of signing
Renaissance Harborplace Hotel, Baltimore, MD	March 26-31, 2014	November 22, 2011
Renaissance Harborplace Hotel, Baltimore, MD	April 1-6, 2015	November 22, 2011

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 19, 2013, the date of the report. The report was available to be issued on October 1, 2013.

SUPPLEMENTARY INFORMATION

USA DANCE, INC. - NATIONAL
Schedule of Functional Expenses
For the Year Ended December 31, 2012

	American Dancer	Chapter Support	Social Events	Youth College Network
Payroll				
Payroll taxes				
Supplies			\$ 3,060	\$ 195
Telephone			10	
Postage and shipping	\$ 16,258		326	-
Printing and publications	47,694		776	20
Travel and lodging	3,757	\$ 188	72,048	11,763
Scholarship and grants		-	-	-
Equipment rental and maintenance		210	2,910	2,762
Conferences and meetings			-	
Trophies, medals, and awards			-	652
Promotion and publicity		43,821	-	
Facilities, food, and music			4,530	19,280
Officials			10,039	14,631
Chapter assistance		500		
Temporary help		800		
Bank charges	92	-	338	1,012
Insurance		-		
Payroll processing				
Professional fees	48,000			2,142
Registration fees and permits	-	290		-
Miscellaneous				
Depreciation				
Total	\$ 115,801	\$ 45,809	\$ 94,037	\$ 52,457

National Champion- ship	Athlete Travel	WDSF World	Membership	Total Program	General and Admini- strative	Total Year End 2012
			\$ 27,560	\$ 27,560	\$ 39,174	\$ 66,734
			2,369	2,369	3,251	5,620
\$ 3,071	\$ 4,492	-	13,083	23,901	3,475	27,376
116	-	-	1,159	1,285	5,783	7,068
36	-	-	10,017	26,637	3,264	29,901
8,275		-		56,765	336	57,101
22,816	4,666	\$ 1,463	664	117,365	72,103	189,468
15,385	53,594			68,979	5,500	74,479
25,288		-	-	31,170	3,443	34,613
-				-	4,391	4,391
2,834		-		3,486	4,211	7,697
1,032		-		44,853	13,985	58,838
22,975		-		46,785	6,683	53,468
66,295		-		90,965	6,673	97,638
			-	500	-	500
3,554				4,354	2,126	6,480
4,886		-	7,621	13,949	1,294	15,243
				-	29,982	29,982
				-	901	901
23,500	-	-	-	73,642	13,981	87,623
90		-	549	929	5,535	6,464
			-	-	1,581	1,581
				-	343	343
<u>\$ 200,153</u>	<u>\$ 62,752</u>	<u>\$ 1,463</u>	<u>\$ 63,022</u>	<u>\$ 635,494</u>	<u>\$ 228,015</u>	<u>\$ 863,509</u>

