

**ARTS IN SCHOOLS COLLABORATIVE
T/A DANCING CLASSROOMS PHILLY**

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**ARTS IN SCHOOLS COLLABORATIVE
T/A DANCING CLASSROOMS PHILLY
TABLE OF CONTENTS
JUNE 30, 2018 AND 2017**

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Arts in Schools Collaborative T/A Dancing Classrooms Philly
Philadelphia, Pennsylvania

REPORT ON THE FINANCIAL STATEMENTS

We have reviewed the accompanying financial statements of Arts in Schools Collaborative T/A Dancing Classrooms Philly (a nonprofit corporation and a wholly-owned subsidiary of Musicopia, Inc. and Dancing Classrooms Philly consolidated entity), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

ACCOUNTANT'S CONCLUSION

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

REPORT ON PRIOR YEAR FINANCIAL STATEMENT AND SUMMARIZED COMPARATIVE INFORMATION

The financial statements of Arts in Schools Collaborative T/A Dancing Classrooms Philly as of June 30, 2017, were reviewed by other accountants whose report dated November 16, 2017, stated that based on their procedures, they were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2017, for it to be consistent with the reviewed financial statements for which it has been derived.

Brinker Simpson & Company, LLC

Brinker Simpson & Company, LLC
Springfield, Pennsylvania
November 28, 2018

ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash	\$ 190,061	\$ 207,658
Accounts receivable	33,050	26,913
Total Current Assets	223,111	234,571
Total Assets	\$ 223,111	\$ 234,571
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,915	\$ 256
Net Assets		
Unrestricted	140,182	160,118
Temporarily restricted	79,014	74,197
Total Net Assets	219,196	234,315
Total Liabilities and Net Assets	\$ 223,111	\$ 234,571

See accompanying notes and independent accountant's review report.

ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Support				
Contributions	\$ 27,862	\$ 5,620	\$ 33,482	\$ 49,687
Grants	46,695	92,500	139,195	133,779
In-kind donations	6,607	3,000	9,607	11,160
Special events	8,467	-	8,467	6,030
Net assets released from restriction	96,303	(96,303)	-	-
Total Support	<u>185,934</u>	<u>4,817</u>	<u>190,751</u>	<u>200,656</u>
Revenue				
School programs	187,850	-	187,850	178,410
Interest income	96	-	96	29
Total Revenue	<u>187,946</u>	<u>-</u>	<u>187,946</u>	<u>178,439</u>
Total Support and Revenue	<u>373,880</u>	<u>4,817</u>	<u>378,697</u>	<u>379,095</u>
Expenses				
Program services	304,460	-	304,460	309,945
Management and general	49,234	-	49,234	41,192
Fundraising	40,122	-	40,122	38,097
Total Expenses	<u>393,816</u>	<u>-</u>	<u>393,816</u>	<u>389,234</u>
Changes in Net Assets	(19,936)	4,817	(15,119)	(10,139)
Net Assets, Beginning of Year	<u>160,118</u>	<u>74,197</u>	<u>234,315</u>	<u>244,454</u>
Net Assets, End of Year	<u>\$ 140,182</u>	<u>\$ 79,014</u>	<u>\$ 219,196</u>	<u>\$ 234,315</u>

See accompanying notes and independent accountant's review report.

ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2017

	2018			2017	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries					
Administrative assistant	\$ 4,860	\$ -	\$ 1,540	\$ 6,400	\$ 3,825
Senior teaching artist	49,264	-	-	49,264	47,369
Employee benefits	-	-	-	-	2,541
Payroll taxes	20,231	-	-	20,231	21,421
Total Personnel	<u>74,355</u>	<u>-</u>	<u>1,540</u>	<u>75,895</u>	<u>75,156</u>
Teaching artists	163,587	-	240	163,827	163,201
Management fee	32,400	29,700	27,900	90,000	84,000
Professional fees	-	9,798	-	9,798	15,749
Competition	7,560	-	-	7,560	9,279
Training fees and expenses	3,123	-	-	3,123	1,013
Licensing and fees	8,881	-	-	8,881	5,297
Saturday scholarship	1,366	-	-	1,366	1,058
Insurance	134	5,382	-	5,516	5,162
Rent	3,600	-	-	3,600	6,600
Supplies	1,650	-	70	1,720	758
Advertising	-	-	513	513	76
Conferences, meetings and memberships	5,873	2,106	311	8,290	9,799
Communications	1,006	1,200	1,426	3,632	520
Postage and delivery	195	134	151	480	551
Printing	730	300	1,773	2,803	4,644
Bank charges	-	614	-	614	941
Fundraising expenses	-	-	6,198	6,198	5,430
Total Functional Expenses	<u>\$ 304,460</u>	<u>\$ 49,234</u>	<u>\$ 40,122</u>	<u>\$ 393,816</u>	<u>\$ 389,234</u>

See accompanying notes and independent accountant's review report.

ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Changes in net assets	\$ (15,119)	\$ (10,139)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in:		
Accounts receivable	(6,137)	4,587
Accounts payable and accrued expenses	3,659	(1,961)
	(17,597)	(7,513)
Net Cash Used In Operating Activities	(17,597)	(7,513)
Net Change in Cash	(17,597)	(7,513)
Cash, Beginning of Year	207,658	215,171
Cash, Ending of Year	\$ 190,061	\$ 207,658

See accompanying notes and independent accountant's review report.

**ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1: NATURE OF OPERATIONS

Arts in School Collaborative T/A Dancing Classrooms Philly (the “Organization”) was incorporated under the laws of Pennsylvania in 2007. The Dancing Classrooms Philly (DCP) mission is to foster self-esteem, social awareness and joy in children by providing the opportunity to learn and perform ballroom dance, with a vision of transformative arts programs in all school communities, building confidence, nurturing creativity, and promoting a culture of mutual respect and well-being.

Since its founding in 2007, DCP has served more than 25,000 fifth and eighth grade students in public, charter and parochial schools, focusing on students in the most impoverished and distressed neighborhoods in the region, including those in North, Southwest, and West Philadelphia, Chester, and Upper Darby. Over 70% of DCP students are identified as low income. In the 17-18 academic year, DCP served over 3,400 students in 60 schools.

DCP follows the standards-based curriculum of the Dancing Classrooms Global program established in 1994 in New York City by four-time Show Dance World Champion Pierre Dulaine and the American Ballroom Theater Company, as seen in the award-winning documentary *Mad Hot Ballroom*. The primary DCP initiative is in-school residencies with professional artists who teach ballroom dances (rumba, swing, tango, waltz, and merengue), and non-competitive dances (heel-toe polka, the stomp, and the electric slide). Lessons take place during the school day in 45-minute sessions twice weekly for ten weeks. An entire fifth or eighth grade student body, and their classroom teachers, participate. Curriculum assignments occur throughout each residency, which connect the ballroom dance experience to the students’ personal and academic lives.

Each residency concludes in a culminating public event where all students demonstrate the dances they learned. Select students go on to semifinal competitions. Winners of the semifinals participate in the Colors of the Rainbow Team Match Final, with teams representing schools throughout the Philadelphia region.

The DCP Academy offers students who have experienced a Dancing Classrooms in-school residency the opportunity to advance their ballroom dance training on Saturday mornings with professional teaching artists. Classes are held in fall and spring sessions at three locations across Philadelphia. The DCP Allstars, an exhibition dance troupe consisting of some of the most passionate dancers from the DCP Academy, perform at various events throughout the region.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity.

**ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

Effective July 2012, the Organization entered into an affiliation agreement with Musicopia, Inc. As part of this agreement, the Organization pays an annual management fee of \$90,000 to Musicopia for management services rendered. The Organization retains its own 501(c)(3) status. On June 2, 2014, the Board of Directors of Dancing Classrooms Philly and its affiliated organization, Musicopia, Inc. approved amendments to the organizations' bylaws establishing a common set of bylaws and a common Board of Directors, effective July 1, 2014.

These financial statements do not include the financial position or results of operations of Musicopia, Inc. which is a separate 501(c)(3) entity that offers various music programs for Philadelphia schoolchildren.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this basis, revenues are recognized when earned and expenses when incurred.

Basis of Presentation

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.

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations;

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time;

Permanently restricted net assets – net assets that are restricted in perpetuity by the donor.

The Organization had no permanently restricted net assets during the year ended June 30, 2018.

Use of Estimates

The preparation of the 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 as of the date of the financial statements and the reported amounts of revenues and expenses, including functional expenses, during the reporting period. Actual results could differ from those estimates.

ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Accounts Receivable

The Organization's accounts receivable are recorded at net realizable value. The Organization's management concluded that, based on its review of its receivables, a valuation allowance was not needed. Management writes off balances that remain after exhausting all reasonable collection efforts and concludes that additional collection efforts are not justified. Receivables are considered past due after 90 days.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, the Organization is exempt from federal and state income taxes. Generally, the Organization's federal tax return remain subject to examination by taxing authorities for the last three years.

Revenue Recognition

Contributions received or unconditionally pledged are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Functional Allocation of Expenses

The costs have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Allocation of expenses to program, fundraising and management and general expense is done by the direct assignment to programs using these costs under the supervision of the Executive Director and Program Team.

**ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed when incurred.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which affects all nonprofit organizations. The ASU significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. Key elements of this amendment include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has not adopted ASU No. 2016-14 in these financial statements.

NOTE 3: 403(B) RETIREMENT PLAN

The Organization adopted a salary reduction 403(b) plan, effective July 1, 2007, covering all eligible employees. The plan is funded entirely by elective employee contributions.

NOTE 4: LEASE COMMITMENTS

The Organization leases space under an annual renewable lease agreement totaling \$3,600 per year.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the years ending June 30, 2018 and 2017 were available for program activities and are classified by support and consist of the following:

	<u>2018</u>	<u>2017</u>
Bensalem School District	\$ 48,200	\$ 48,200
Special Needs - Norristown Academy	5,794	5,197
Matching Grant	15,000	-
Completion Fund	4,000	-
Time Restricted Contributions	2,020	1,800
	4,000	19,000
	<u>\$ 79,014</u>	<u>\$ 74,197</u>

**ARTS IN SCHOOLS COLLABORATIVE T/A DANCING CLASSROOMS PHILLY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 6: ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, 2018 and 2017, net assets were released from donor and time restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2018</u>	<u>2017</u>
Bensalem School District	\$ 48,200	\$ 48,200
Special Needs - Norristown	7,903	2,630
Completion Fund	3,200	1,800
Saturday Scholars/Academy	18,000	9,340
Catholic Schools	-	2,550
Video	-	14,940
Program Miscellaneous	-	7,250
Time Restricted Contributions	19,000	2,500
	<u>\$ 96,303</u>	<u>\$ 89,210</u>

NOTE 7: DONATED GOODS AND SERVICES

The Organization received donated legal services and donated program space valued in the amount of \$9,607 as of June 30, 2018. The Organization also receives donated services from a variety of unpaid volunteers who assist in a number of capacities, but these services do not meet the criteria for recognition as contributed services.

NOTE 8: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. For the year ended June 30, 2018, there were no balances held in excess of insurance limits.

NOTE 9: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 28, 2018, the date the financial statements were available to be issued.