

KYL DANCERS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS
FROM DECEMBER 31, 2013)

Together With
Independent Auditors' Report

KYL DANCERS, INC.

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INDEPENDENT AUDITOR'S REPORT

To: Board of Directors
KYL Dancers, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of KYL Dancers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KYL Dancers, Inc as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the financial statements of KYL Dancers, Inc. for the year ended December 31, 2013, and our report dated September 14, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 27, 2015

KYL DANCERS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 98,510	\$ 98,276
Contributions receivable, current portion	66,237	56,955
Prepaid expenses	-	3,296
Total current assets	<u>164,747</u>	<u>158,527</u>
<u>FIXED ASSETS</u>		
Furniture and fixtures, net	<u>1,803</u>	<u>768</u>
Total fixed assets	<u>1,803</u>	<u>768</u>
<u>OTHER ASSETS</u>		
Contributions receivable, long-term portion	-	30,000
Total other assets	<u>-</u>	<u>30,000</u>
Total assets	<u>\$166,550</u>	<u>\$189,295</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accrued expenses	\$ 2,755	\$ -
Total liabilities	<u>2,755</u>	<u>-</u>
<u>NET ASSETS</u>		
Unrestricted	76,379	69,592
Temporarily restricted	<u>87,416</u>	<u>119,703</u>
Total net assets	<u>163,795</u>	<u>189,295</u>
Total liabilities and net assets	<u>\$166,550</u>	<u>\$189,295</u>

See accompanying notes which are an integral part of these financial statements.

KYL DANCERS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	Unrestricted	Temporarily Restricted	2014	2013
<u>REVENUE AND SUPPORT</u>				
Contributions	\$68,744	\$ 39,000	\$107,744	\$183,545
Class fees	7,841	-	7,841	4,966
Performance fees	24,083	-	24,083	24,846
Rental income	17,179	-	17,179	17,365
Ticket sales	21,769	-	21,769	11,749
Residency program	800	-	800	7,620
Other income	5,842	-	5,842	400
Contributed services	53,900	-	53,900	55,600
Net assets released from restriction: Satisfaction of program restrictions	<u>71,287</u>	<u>(71,287)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>271,445</u>	<u>(32,287)</u>	<u>239,158</u>	<u>306,091</u>
<u>EXPENSES</u>				
<u>Program Expenses</u>				
Program services	<u>205,843</u>	<u>-</u>	<u>205,843</u>	<u>173,571</u>
<u>Support Services</u>				
Administrative and general	26,895	-	26,895	22,664
Fundraising	<u>31,920</u>	<u>-</u>	<u>31,920</u>	<u>27,588</u>
Total support services	<u>58,815</u>	<u>-</u>	<u>58,815</u>	<u>50,252</u>
Total expenses	<u>264,658</u>	<u>-</u>	<u>264,658</u>	<u>223,823</u>
Change in net assets	6,787	(32,287)	(25,500)	82,268
Net assets, beginning of year	<u>69,592</u>	<u>119,703</u>	<u>189,295</u>	<u>107,027</u>
Net assets, end of year	<u>\$76,379</u>	<u>\$87,416</u>	<u>\$163,795</u>	<u>\$189,295</u>

See accompanying notes which are an integral part of these financial statements.

KYL DANCERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>2014</u>	<u>2013</u>
Payroll	\$123,216	\$ 9,057	\$12,536	\$144,809	\$135,669
Payroll taxes	8,163	817	1,223	10,203	7,992
Advertising and marketing	10,340	-	-	10,340	14,147
Conferences and meetings	1,873	-	-	1,873	2,308
Fundraising expenses	-	-	2,556	2,556	1,478
Performance expenses	35,398	-	-	35,398	13,358
Insurance	1,769	312	-	2,081	1,722
Miscellaneous expenses	-	2,386	-	2,386	1,412
Office supplies	2,538	448	-	2,986	2,845
Professional fees	2,500	10,929	15,605	29,034	27,003
Professional development	3,500	-	-	3,500	60
Rent	4,590	810	-	5,400	4,800
Repair and maintenance	99	18	-	117	72
Research	1,103	-	-	1,103	1,037
Teaching expenses	6,760	-	-	6,760	1,222
Telephone and internet fees	-	1,605	-	1,605	1,650
Travel	639	-	-	639	2,117
Utilities	2,874	428	-	3,302	3,691
Depreciation	481	85	-	566	1,240
Total expenses	<u>\$205,843</u>	<u>\$26,895</u>	<u>\$31,920</u>	<u>\$264,658</u>	<u>\$223,823</u>

See accompanying notes which are an integral part of these financial statements.

KYL DANCERS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2014</u>	<u>2013</u>
Change in net assets	\$(25,500)	\$82,268
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	565	1,240
Decrease (increase) in assets:		
Contributions receivable	20,718	(35,558)
Prepaid expenses	3,296	(3,296)
Security deposit	-	500
Increase (decrease) in liabilities:		
Accrued expenses	<u>2,755</u>	<u>-</u>
Net cash provided (used) by operating activities	1,834	45,154
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and fixtures	(1,600)	(118)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase in cash	234	45,036
Cash, beginning of year	<u>98,276</u>	<u>53,240</u>
Cash, end of year	<u>\$98,510</u>	<u>\$98,276</u>

SUPPLEMENTAL DISCLOSURES

Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income tax paid	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes which are an integral part of these financial statements.

KYL DANCERS, INC.

NOTES TO FINANCIAL STATEMENTS

1) ORGANIZATION

KYL Dancers, Inc. (the Company) is a not-for-profit organization incorporated under the laws of the Commonwealth of Pennsylvania in February, 2006. The Company is dedicated to continuing to be a singular voice in dance movement by drawing upon an Asian American cultural perspective to enrich Western contemporary dance. The Company creates and presents uncommon works that, while inspired by the traditions and aesthetic of Eastern Asia, transcend cultural boundaries and speak to the universality of the human experience. The Company receives its revenue and support primarily from contributions, classes, and contracted dance performances.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

KYL Dancers, Inc. 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. For the year ended December 31, 2014, the Company had no permanently restricted net assets.

Use of Estimates

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

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances.

KYL DANCERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All acquisitions of property and equipment in excess of \$200 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over 5 years.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Company.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

Income Taxes

The Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Company qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is provided.

The Company has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. For federal income tax purposes, the returns remain open for possible examination three years after they are filed. The Company's policy is to recognize interest and penalties on unrecognized tax benefits in other expense in the statement of activities. No interest and penalties were recorded during the year ended December 31, 2014.

KYL DANCERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated through April 27, 2015 the date that the financial statements were available to be issued.

3) FURNITURE AND FIXTURES

Furniture and fixtures consists of the following at December 31, 2014:

Furniture and fixtures	\$12,966
Less: Accumulated depreciation	<u>(11,163)</u>
Net furniture and fixtures	<u>\$1,803</u>

4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or programs as of December 31, 2014:

Subsequent year's operations	\$11,250
Arts Alive project	20,018
Staffing	<u>56,148</u>
	<u>\$87,416</u>

KYL DANCERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$71,287 were released from donor-restrictions during the year ended December 31, 2014 by incurring expenses satisfying the restricted purposes specified by the donors. Purposes restrictions accomplished for the year ended December 31, 2014 were:

Arts Alive project	\$ 4,982
Current year's operations	15,000
Kids program	1,850
Marketing and strategic planning	2,000
Project stream	2,000
Salaries and benefits	10,000
Staffing	31,420
Theater rental	4,035
	<u>\$71,287</u>

6) CONTRIBUTED SERVICES

Contributed payroll was provided by related parties of the Company, the Artistic Director and Executive Director, to supplement their paid positions. The value of contributed services included as contributions in the accompanying financial statements and the corresponding expenses for the year ended December 31, 2014 are as follows:

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$43,735	\$3,215	\$4,450	\$51,400
Professional fees	-	-	2,500	2,500
	<u>\$43,735</u>	<u>\$3,215</u>	<u>\$6,950</u>	<u>\$53,900</u>

7) RELATED PARTY TRANSACTIONS

The artistic director and executive director, both of whom also serve as Board Members of the Organization, were paid a total of \$33,600 and contributed services totaling \$51,400 during the year ended December 31, 2014. In addition, the executive director was paid \$5,400 for rental of 3,000 square foot building space for the year ended December 31, 2014. The amounts are included in the accompanying statement of functional expenses as payroll and rent expense, accordingly.