

Eisenhower Dance  
Ensemble, Inc.

Audited Financial  
Statements

For the years ended July 31,  
2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
Eisenhower Dance Ensemble, Inc.  
Southfield, MI

We have audited the accompanying financial statements of Eisenhower Dance Ensemble, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2021, and the related statements of activities and changes in net assets, functional expenses, 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 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, 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 Eisenhower Dance Ensemble, Inc. as of July 31, 2021, 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.

*Jason F. Clausen, P.C.*

Fraser, MI  
January 19, 2022

**EISENHOWER DANCE ENSEMBLE, INC.**  
STATEMENT OF FINANCIAL POSITION  
JULY 31, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 136,155	\$ 112,150
Accounts receivable - net	15,209	265
Grants receivable	27,800	27,350
Prepaid expenses	13,894	10,425
	<hr/>	<hr/>
Total current assets	193,058	150,190
Property and equipment, net	4,800	6,564
Other assets		
Security deposit	8,350	8,350
	<hr/>	<hr/>
Total assets	<u>206,208</u>	<u>165,104</u>
 <u>Liabilities and net assets</u>		
Current liabilities		
Accounts payable	11,016	4,192
Accrued expenses	14,319	11,748
Note payable - PPP	39,240	57,600
	<hr/>	<hr/>
Total current liabilities	64,575	73,540
Long-term liabilities		
Deferred rent	16,414	5,575
	<hr/>	<hr/>
Total liabilities	80,989	79,115
 <u>Net assets</u>		
Net assets without donor restrictions	98,219	29,989
Net assets with donor restrictions	27,000	56,000
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Total net assets	<u>125,219</u>	<u>85,989</u>
 Total liabilities and net assets	<u>\$ 206,208</u>	<u>\$ 165,104</u>

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	Net Assets Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
<u>Revenue and other support</u>				
Advertising	\$ 960	\$ -	\$ 960	\$ 4,600
Performance contracts	76,877	-	76,877	39,130
Donations	41,125	-	41,125	59,163
Government grants	79,500	-	79,500	23,000
Grants and foundation	30,000	12,000	42,000	101,000
Ticket sales	-	-	-	5,993
Fundraising and special events, net	15,330	-	15,330	29,493
Center programs (recital and dance mosaic)	56,954	-	56,954	72,598
Center tuition	343,856	-	343,856	527,106
Center other income	12,387	-	12,387	25,234
In-kind donations	8,929	-	8,929	-
PPP loan forgiveness	57,600	-	57,600	-
Net assets released from restrictions	41,000	(41,000)	-	-
	764,518	(29,000)	735,518	887,317
<u>Expense</u>				
Program	609,530	-	609,530	788,820
Management and general	55,500	-	55,500	65,220
Fundraising	31,258	-	31,258	36,830
	696,288	-	696,288	890,870
Change in net assets	68,230	(29,000)	39,230	(3,553)
Net assets, beginning of period	29,989	56,000	85,989	89,542
Net assets, end of period	\$ 98,219	\$ 27,000	\$ 125,219	\$ 85,989

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2021

<u>Description</u>	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Company</u>	<u>School</u>			
Administrative expenses	\$ 42,676	\$ 97,301	\$ 13,657	\$ 17,070	\$ 170,704
Artist fees	166,820	-	-	-	166,820
Depreciation	-	1,764	-	-	1,764
Instructors	-	80,535	-	-	80,535
Marketing	2,988	-	-	-	2,988
Office administration	19,772	45,080	6,327	7,909	79,088
Postage	78	-	203	31	312
Printing/programs	25	-	65	10	100
Production expense	12,145	-	31,578	4,858	48,581
Professional fees	1,125	-	2,925	450	4,500
Recital expense	-	13,165	-	-	13,165
Rent	-	91,839	-	-	91,839
Supplies	2,326	5,303	745	930	9,304
Travel	7,380	-	-	-	7,380
Utilities	-	10,279	-	-	10,279
In-kind expenses	8,929	-	-	-	8,929
Total expenses on the statement of activities	<u>\$ 264,264</u>	<u>\$ 345,266</u>	<u>\$ 55,500</u>	<u>\$ 31,258</u>	<u>\$ 696,288</u>

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2020

<u>Description</u>	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Company</u>	<u>School</u>			
Administrative expenses	\$ 44,910	\$ 102,394	\$ 14,371	\$ 17,964	\$ 179,639
Artist fees	222,779	-	-	-	222,779
Depreciation	-	2,912	-	-	2,912
Instructors	-	130,348	-	-	130,348
Marketing	29,165	-	-	-	29,165
Office administration	29,786	67,912	9,531	11,914	119,143
Postage	198	-	515	79	792
Printing/programs	249	-	646	99	994
Production expense	13,986	-	36,363	5,594	55,943
Professional fees	1,250	-	3,250	500	5,000
Recital expense	-	4,828	-	-	4,828
Rent	-	109,777	-	-	109,777
Supplies	1,701	3,878	544	680	6,803
Travel	4,655	-	-	-	4,655
Utilities	-	17,817	-	-	17,817
Bad Debt	275	-	-	-	275
Total expenses on the statement of activities	<u>\$ 348,954</u>	<u>\$ 439,866</u>	<u>\$ 65,220</u>	<u>\$ 36,830</u>	<u>\$ 890,870</u>

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

<u>Cash flows from operating activities</u>	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 39,230	\$ (3,553)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,764	2,912
PPP loan forgiveness	(57,600)	-
 <u>Changes in operating assets and liabilities</u>		
Increase in net receivables	(14,944)	(26,554)
Decrease/(Increase) in grants receivable	(450)	24,300
Decrease/(Increase) in prepaid expense	(3,469)	16,762
(Decrease)/Increase in accounts payable	6,824	(15,181)
Increase in accrued expenses	2,571	6,217
Decrease in deferred revenue	-	(400)
Increase in deferred rent	10,839	-
Net cash provided by/(used in) operating activities	(15,235)	4,503
 <u>Cash flows from investing activities</u>		
Sale of fixed asset	-	520
Net cash provided by investing activities	-	520
 <u>Cash flows from financing activities</u>		
Proceeds received from PPP Loan	39,240	57,600
Net cash provided by financing activities	39,240	57,600
Net increase in cash and cash equivalents	24,005	62,623
Cash and cash equivalents, beginning of period	112,150	49,527
Cash and cash equivalents, end of period	<u>\$ 136,155</u>	<u>\$ 112,150</u>

Cash paid for interest during the fiscal year was \$0 for the years ended July 31, 2021 and 2020.



**EISENHOWER DANCE ENSEMBLE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Eisenhower Dance Ensemble, Inc. (the "Organization") is a professional repertory dance company based in southeastern Michigan that presents numerous performances across the nation each year. In addition, the Organization provides dance instruction to a variety of age groups. The Organization receives its support primarily through individual donors' contributions, foundation grants, government grants, corporate sponsorships, and dance school tuition.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

*Basis of Presentation*

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

*Net Assets without Donor Restrictions*

Net assets that are not subject to donor- imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization management and the board of directors.

*Net Assets with Donor Restrictions*

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Concentration of Credit Risk*

At times the Organization has balances on deposit with certain institutions that may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk for cash.

*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 the reported

**EISENHOWER DANCE ENSEMBLE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Accounts Receivable*

Accounts receivable consists primarily of pledged contributions and grants and performance contracts and is stated net of an allowance for doubtful accounts. The Organization does not require collateral for its accounts receivable and all accounts are expected to be received within one year. Periodically management reviews the accounts receivable for collectability and establishes an allowance for doubtful accounts receivable. The allowance for doubtful accounts receivable was \$750 as of July 31, 2021 and 2020.

*Property, Equipment, Depreciation and Amortization*

Property and equipment is stated at cost. Expenditures for maintenance and repairs are charged to operating expenses. Adjustments of the asset and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the Statement of Activities. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years.

*Deferred Revenue*

Deferred revenue represents ticket sales and sponsorships for the subsequent season. Revenues will be recognized for the season in which the production occurs.

*Revenue Recognition*

*Contributions:* Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

*Contract Revenue and Ticket Sales:* The organization receives fees for contract performances and ticket sales, which are recognized in the period in which the services are performed.

*Donated Services:* A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*.

*Special Events:* Special event revenues are reported net of direct expenses. For the years ended July 31, 2021 and 2020, direct expense was \$14,985 and \$13,941, respectively.

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes*

The Organization operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to be met before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At July 31, 2021 and 2020, there were no uncertain tax positions that required accrual.

*Functional Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	July 31,	
	2021	2020
Equipment	\$ 13,626	\$ 13,626
Leasehold improvements	130,656	130,656
	\$ 144,282	\$ 144,282
Less: accumulated depreciation and amortization	(139,482)	(137,718)
	\$ 4,800	\$ 6,564

There was \$1,764 and \$2,912 depreciation expense for the years ended July 31, 2020 and 2019, respectively.

**NOTE 4 – DEFERRED RENT AND OPERATING LEASE COMMITMENTS**

The Organization leases studio space under various operating leases for \$7,235 per month, increasing annually, and expiring through July 2024. Payments under the leases are expensed on a straight-line basis, which results in a deferred rent liability. As of July 31, 2021 and 2020 the total amount deferred was \$16,414 and \$5,575, respectively; which will be recognized over the term of the lease.

Total rent expense for the years ended July 31, 2021 and 2020 was \$91,839 and \$109,777, respectively.

**EISENHOWER DANCE ENSEMBLE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

**NOTE 4 – DEFERRED RENT AND OPERATING LEASE COMMITMENTS (CONTINUED)**

Schedule of future minimum lease payments required under the leases for the years succeeding July 31, 2021, are summarized as follows:

Years ending July 31,	Amount
2022	\$ 94,824
2023	97,500
2024	100,260
	\$ 292,584

**NOTE 5 – PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN**

On April 27, 2020 and January 31, 2021, the Organization received loan proceeds in the amount of \$57,600 and \$39,240, respectively, under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The first loan was forgiven in full on April 28, 2021.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Organization made purchases from companies owned by certain board members during the years ended July 31, 2021 and 2020 that totaled \$400 and \$7,242, respectively. Included in accounts payable was \$0 and \$0 owed to related parties as of July 31, 2021 and 2020, respectively.

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Eisenhower’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets	Amount
Cash	\$ 136,155
Receivables	43,009
Total financial assets	179,164
Amounts not available for general use	
Donor restricted funds, net of amount to be collected in more than one year	(27,000)
Financial assets available to meet general expenditures within one year	\$ 152,164

See independent auditor's report and financial statements

**EISENHOWER DANCE ENSEMBLE, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 8 – COMPARATIVE STATEMENTS**

*Comparative Data*

Certain amounts shown for the year ended July 31, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Chapter’s financial statements for the year ended July 30, 2020, from which the summarized information was derived.

*Reclassification*

Certain 2020 amounts have been reclassified to conform to the 2021 statement presentation.

**NOTE 9 – DATE OF MANAGEMENT’S REVIEW**

The financial statements have been reviewed by management through the date of this report, which is the date the financial statements were available to be issued.