NATIONAL DANCE EDUCATION ORGANIZATION, INC.

REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
National Dance Education Organization, Inc.

We have reviewed the accompanying financial statements of National Dance Education Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 accordance with accounting principles generally accepted in the United States of America.

Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants
Chantilly, Virginia

August 29, 2020

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NATIONAL DANCE EDUCATION ORGANIZATION, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets	
Cash and cash equivalents	$ 426,168
Investments	302,737
Accounts receivable	14,033
Inventory	12,719
Total Current Assets	755,657
Property and Equipment	
Condo	334,402
Equipment	20,137
Software	16,235
Furniture and fixtures	60,927
Accumulated depreciation and amortization	(49,529)
Total Property and Equipment	382,172
Total Assets	$ 1,137,829

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued liabilities	$ 15,368
Deferred revenue	8,823
Total Current Liabilities	24,191
Total Liabilities	24,191
Net Assets	
Without donor restrictions	1,106,446
With donor restrictions	7,192
Total Net Assets	1,113,638
Total Liabilities and Net Assets	$ 1,137,829

See accompanying notes to the financial statements.

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Dues and Support			
Membership dues	$ 476,780	$ -	$ 476,780
Conference	356,369	-	356,369
Training	150,611	-	150,611
National Honor Society	109,506	-	109,506
Publication	50,378	-	50,378
Contributions	46,037	-	46,037
Miscellaneous	1,038	-	1,038
Investment loss	(24,326)	-	(24,326)
Release of restricted funds	1,360	(1,360)	-
Total Dues and Support	1,167,753	(1,360)	1,166,393
Expenses			
Program services	1,058,505	-	1,058,505
Management and general	104,032	-	104,032
Fundraising	17,638	-	17,638
Total Expenses	1,180,175	-	1,180,175
Change in Net Assets	(12,422)	(1,360)	(13,782)
Net Assets - Beginning of Year	1,118,868	8,552	1,127,420
Net Assets - End of Year	$ 1,106,446	$ 7,192	$ 1,113,638

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

Expense	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 368,177	$ 54,073	$ 10,900	$ 433,150
Payroll taxes and benefits	40,162	5,670	1,417	47,249
Total Salaries, Wages, Benefits and Taxes	408,339	59,743	12,317	480,399
Conference expense	188,747	-	-	188,747
JODE printing	114,433	-	-	114,433
OPDI expense	68,374	-	-	68,374
Membership expense	56,020	8,568	1,318	65,906
Advertising and marketing	17,184	17,185	-	34,369
National Honor Society expense	32,024	-	-	32,024
Bank charge	25,816	1,434	1,434	28,684
Depreciation and amortization	17,624	2,695	415	20,734
Software and website	14,731	2,253	347	17,331
Condo expense	14,673	2,244	345	17,262
Professional fees	15,254	-	-	15,254
Books and supplies	13,959	2,135	328	16,422
Program services - other	12,051	-	-	12,051
Field development	9,950	1,522	234	11,706
Postage	9,434	1,443	222	11,099
Editorial expense	11,000	-	-	11,000
Office supplies	7,452	1,140	175	8,767
Utilities	6,263	958	147	7,368
Staff development and planning	4,470	684	105	5,259
Miscellaneous	3,756	965	88	4,809
Insurance	2,560	392	60	3,012
Licenses and permits	1,607	246	38	1,891
Travel	1,455	222	34	1,711
Dues and publications	975	149	23	1,147
Taxes and penalties	354	54	8	416
Total Expenses	$ 1,058,505	$ 104,032	$ 17,638	$ 1,180,175

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (13,782)
Adjustments to reconcile change in net assets	
to net cash provided by operating activities	
Depreciation and amortization	20,734
Loss of dispoal of property and equipment	391
Net loss on investments	36,043
Changes in assets and liabilities:	
Decrease in accounts receivable	2,615
Decrease in inventory	3,594
Increase in accounts payable and accrued liabilites	11,924
Increase in deferred revenue	78
Net Cash Provided by Operating Activities	61,597
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(54,062)
Proceeds from investments	49,765
Purchase of investments	(61,120)
Net Cash Used in Investing Activities	(65,417)
Change in Cash and Cash Equivalents	(3,820)
Cash and Cash Equivalents - Beginning of Year	429,988
Cash and Cash Equivalents - End of Year	$ 426,168

See accompanying notes to the financial statements.

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

The National Dance Education Organization, Inc. ("the Organization") was established in 1997 as a non-profit membership organization dedicated to advancing dance education centered in the arts. The Organization provides the dance artist, educator and administrator a network of resources and support, a base for advocacy and research, and access to professional development opportunities that focus on the importance of dance in the human experience. The Organization is supported primarily through membership dues, conference and training fees, grants, and contributions.

The following is a summary of the Organization's significant accounting policies followed in the preparation of these financial statements:

a) Basis of Accounting – The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

b) Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets;

   Without Donor Restriction – represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

   With Donor Restrictions – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor. The Organization had net assets with donor restrictions of $7,192 for the year ended December 31, 2018.

c) Cash and Cash Equivalents – The Organization considers substantially all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

d) Support and Revenue – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

e) Revenue Recognition – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets without donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

f) Membership Dues and Conference Revenue – Membership dues are recognized as revenue in the applicable membership year, which is the calendar year. Revenue derived from conference registration and sponsorships are recognized as income in the period the related conference or meeting is held. Membership dues, conference registration fees and sponsorships received in advance of applicable membership period or event date are included in deferred revenue in the statements of financial position.

g) Inventory – Inventory consists of insignias, supplies and reference material available for resale or use in future periods. Inventory is stated at the lower cost or net realizable value, using the first-in, first-out basis.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

h) Income Taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are deductible for federal income, estate and gift tax purposes. In addition, the Organization has been classified by the Internal Revenue Service as a public charity and is not a private foundation as defined in Section 509(a) thereof.

i) Uncertain Tax Positions – As of December 31, 2018, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2015 through December 31, 2017.

j) Accounting Estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect their reported amounts of assets and liabilities, 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 these estimates.

k) Accounts Receivable – Accounts receivable are reported net of an allowance for doubtful accounts. Management periodically evaluates the accounts receivable and determines the need for an allowance for doubtful accounts. Management considers the Organization's past receivables loss experience, adverse situations that may affect the client's ability to pay, and current economic conditions. Management had determined that all accounts receivable at December 31, 2018 were collectible, and an allowance for doubtful accounts was not deemed necessary. Bad debt expense for the year ended December 31, 2018, was $-0-.

l) Deferred Revenue – The deferred revenue represents customer credit balances available for purchases of insignias, supplies and reference material, as well application to future conferences and trainings.

m) Property and Equipment – Purchased property and equipment are recorded at cost for any item in excess of $500. Contributed property and equipment is recorded at its fair market value on the date of contribution. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Depreciation and amortization expense are computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are:

Website	5 years
Furniture and Equipment	3 to 7 years
Building and Improvements	40 years

n) Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statement of Financial Position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in unrestricted net assets in the Statement of Activities unless the income or loss in restricted by donor or law.

o) Concentration of Credit and Market Risk – The Organization occasionally maintains deposits in excess of federally insured limits. These items are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Organization has not experienced any losses on its cash accounts. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified amongst issuers.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

p) Recently Issued Accounting Standards – In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Organization adopted the provisions of this new standard in the current year. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 6), and disclosures related to functional allocation of expenses were expanded (Note 2). Adoption of this standard had no effect on change in net assets by class of net assets or in total.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 making it effective for annual reporting periods beginning after December 15, 2019.

q) Advertising Costs – Advertising costs are expensed as incurred.

Note 2 – Functional Allocation of Expenses

The Organization's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

Note 3 – Net Assets with Donor Restrictions

As of December 31, 2018, net assets with donor restrictions totaling $7,192 are available for the scholarship program. Net Assets are released from restriction and reclassified to other net assets as the Organization fulfills the donor stipulation or upon passage of time.

During the year ended December 31, 2018, $1,360 of net assets were released from donor restrictions by incurring scholarship expenses that satisfied the restrictions.

Note 4 – Contributed Services

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Administrative support is provided by certain members of the Board of Directors and volunteers. These services have not been recognized, inasmuch as such services either do not require specialized skills or would not typically be purchased had they not been provided by donation. The value of these services is not readily determinable.

Note 5 – Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Management,* the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

- *Money market funds* – The fair value is equal to the reported net asset value of the fund.

Investments continue to be recorded at fair market value based on quoted prices in active markets for identical assets (level 1 inputs) and are comprised of the following as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity funds	$138,825	$ -	$ -	$138,825
Fixed income	112,566	-	-	112,566
Mutual funds	50,590	-	-	50,590
Money market funds	756	-	-	756
Total	$302,737	$ -	$ -	$302,737

Investment income(loss) as of December 31, 2018, consisted of the following:

Interest and dividends	$ 15,357
Loss on investments	(36,043)
Management fee	(3,640)
Investment Income(Loss)	$(24,326)

NATIONAL DANCE EDUCATION ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 6 – Liquidity and Availability of Financial Assets

The Organization has $742,938 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The pledges and contributions receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses, which are, on average, approximately $584,000. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	$426,168
Investments	302,737
Accounts receivable	14,033
Total	$742,938

Note 7 – Evaluation of Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Organization's revenue. Other financial impact could occur though such potential impact is unknown at this time.

In May 2020 the Organization received an SBA loan of $150,000 to be paid over 30 years at an interest rate of 2.75%, with monthly payments of $641.

The Organization has evaluated subsequent events through August 29, 2020, the date which the financial statements were available to be issued.