

**COUNTRY DANCE AND SONG SOCIETY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for the year ended 2019)**

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## TABLE OF CONTENTS

	<b>Page #</b>
Independent Auditor's Report .....	1
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7



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## ***Independent Auditor's Report***

To The Officers and Directors  
Country Dance and Song Society, Inc.  
116 Pleasant Street, Suite 345  
Easthampton, MA 01027

We have audited the accompanying financial statements of the Country Dance and Song Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, 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 my audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Country Dance and Song Society, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

The financial statements of Country Dance and Song Society, Inc. as of December 31, 2019, were audited by another auditor whose report dated August 19, 2020, expressed an unmodified opinion on those statements. As such, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*J. Trainor + Company, LLC*

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Wakefield, MA

July 21, 2021

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**With Comparative Totals as of December 31, 2019**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 557,217	\$ 467,906
Accounts receivable	2,709	271
Grants receivable	-	3,880
Pledges receivable, net	48,550	248,211
Inventory	43,939	46,885
Prepaid expenses	<u>72,002</u>	<u>55,117</u>
TOTAL CURRENT ASSETS	<u>724,417</u>	<u>822,270</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment and furniture	217,880	237,095
Operating lease right-of-use asset	57,311	-
Leasehold improvements	<u>891</u>	<u>2,674</u>
TOTAL PROPERTY AND EQUIPMENT	<u>276,082</u>	<u>239,769</u>
<b>NONCURRENT ASSETS</b>		
Pledges receivable	99,812	147,646
Investments	986,772	589,877
Artwork	8,000	8,000
Deposits	<u>2,500</u>	<u>2,500</u>
TOTAL NONCURRENT ASSETS	<u>1,097,084</u>	<u>748,023</u>
<b>TOTAL ASSETS</b>	<u><u>\$2,097,583</u></u>	<u><u>\$ 1,810,062</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Operating lease liability	\$ 33,027	\$ -
Accounts payable	19,519	26,497
Accrued expenses	1,604	8,668
Accrued payroll	7,580	3,568
Accrued vacation	27,268	19,529
Deferred revenue	<u>76,430</u>	<u>31,917</u>
TOTAL CURRENT LIABILITIES	<u>165,428</u>	<u>90,179</u>
<b>LONG TERM LIABILITIES</b>		
Operating lease liability	24,284	-
SBA loan	<u>150,000</u>	<u>-</u>
TOTAL LONG TERM LIABILITIES	<u>174,284</u>	<u>-</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,546,641	1,266,651
With donor restrictions	<u>211,230</u>	<u>453,232</u>
TOTAL NET ASSETS	<u>1,757,871</u>	<u>1,719,883</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$2,097,583</u></u>	<u><u>\$ 1,810,062</u></u>
<b>TOTAL LIABILITIES NET ASSETS</b>		

See accompanying notes to financial statements.

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

With Comparative Totals for the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING SUPPORT, REVENUE &amp; RECLASSIFICATIONS</b>				
Contributions	\$ 704,860	\$ 7,659	\$ 712,519	\$ 702,416
Grants	107,550	-	107,550	19,400
Summer programs	-	-	-	761,332
Sales	20,821	-	20,821	66,351
Membership services	67,217	-	67,217	89,882
Other	5,095	-	5,095	8,949
Investment return designated for current operations	8,777	-	8,777	7,656
Net assets release from restrictions	249,661	(249,661)	-	-
	1,163,981	(242,002)	921,979	1,655,986
Total operating support, revenue & reclassifications				
<b>OPERATING EXPENSES</b>				
Camps	195,348	-	195,348	785,442
Education and outreach	84,303	-	84,303	# 67,108
Sales and service	115,522	-	115,522	# 127,530
Development	232,530	-	232,530	# 211,038
General and administrative	312,522	-	312,522	274,222
Total expenses	940,225	-	940,225	1,465,340
	223,756	(242,002)	(18,246)	190,646
Change in net assets from operating activities				
<b>NON OPERATING ACTIVITIES</b>				
Investment return	56,234	-	56,234	69,845
<b>CHANGE IN NET ASSETS</b>	279,990	(242,002)	37,988	260,491
<b>NET ASSETS, beginning of year</b>	1,266,651	453,232	1,719,883	1,459,392
<b>NET ASSETS, end of year</b>	\$ 1,546,641	\$ 211,230	\$ 1,757,871	\$ 1,719,883

See accompanying notes to financial statements.



**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**With Comparative Totals for the year ended December 31, 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 37,988	\$ 260,491
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	78,875	67,679
Net realized and unrealized investment gain	(53,233)	(61,910)
(Increase) decrease in assets:		
Pledges receivable	247,495	13
Accounts receivable	(2,438)	(271)
Inventory	2,946	6,218
Prepaid expenses and other current assets	(16,885)	(12,546)
Grants and contracts receivable, net	3,880	(700)
Security deposits	-	(500)
Increase (decrease) in liabilities:		
Accounts payable	(6,978)	25,780
Accrued expenses	(7,064)	2,614
Accrued payroll	4,012	(10,649)
Accrued vacation	7,739	7,987
Deferred revenue	44,513	4,853
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>340,850</b>	<b>289,059</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment and furniture	(57,877)	(110,916)
Purchases of investments	(343,662)	(279,558)
Sales of investments	-	205,971
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>(401,539)</b>	<b>(184,503)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from EIDL	150,000	-
<b>CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>150,000</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>89,311</b>	<b>104,556</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>467,906</b>	<b>363,350</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 557,217</b>	<b>\$ 467,906</b>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES:</b>		

As of December 31, 2020, in conjunction with the adoption of the new lease standard, CDSS recorded the present value of the remaining lease payments in the amount of \$57,311.

See accompanying notes to financial statements.



**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1 - Summary of Significant Accounting Policies**

Nature of Activities

The Country Dance and Song Society, Inc. (the "Organization") was founded in 1915 and is a Massachusetts not-for-profit corporation. The purpose of the Organization is the preservation and promotion of historical and contemporary English and Anglo-American dance, folk song, and instrumental music traditions. This mission is carried out through the implementation of three programs: camps, education and outreach, and sales and service.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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's 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard proscribes new guidance in the revenue recognition process including performance obligations in contracts, estimating the amount of any variable consideration, and allocating the transaction price to each separate performance obligation. This new guidance is effective for annual reporting periods commencing after December 15, 2018. The Organization has determined that this pronouncement does not have a material effect on the financial statements.

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1 - Summary of Significant Accounting Policies– continued**

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842, for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning after January 1, 2021, with early adoption permitted. The Organization has early adopted this standard beginning January 1, 2020 using the cumulative catch up method.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pledges Receivable and Allowance for Uncollectible Accounts

Pledge receivables are reported at the original pledged amount less an allowance for doubtful accounts and less a present value discount for long term pledges. The Organization utilizes the current yield rate on U.S. Treasury bonds in calculating the discount.

Inventory

Inventory consists of books, recordings, compact discs, and videos relating to English and Anglo-American traditional dance music and song. It is stated at the average cost method or net realizable value.

Property and Equipment

Property and equipment purchased by the Organization with a cost of more than \$750 are capitalized at cost. Donated assets in excess of \$750 are capitalized at their fair market value at the time of the donation. Depreciation is computed using the straight-line method over the asset's useful life. Depreciable lives of the Organization's equipment, furniture, and software is 5 to 10 years and depreciable lives of the leasehold improvements is 10 years.

Investments

Investments with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1 - Summary of Significant Accounting Policies– continued**

Revenue Recognition

The Organization recognizes revenue from several different types of contractual relationships. Revenue from all these contracts is based on a set transaction price.

Summer camp - Revenue from summer camp programs is recognized at the commencement of each camp.

Membership Services-Group insurance - Members can purchase insurance through the Organization under a group policy. Revenue from group insurance is recognized over the course of the underlying policy period.

Membership Services-Group exemption - Member organizations can take advantage of CDSS's tax exempt status by enrolling under the group exemption. Revenue from the group exemption service is recognized upon enrollment.

Sales and Cost of Sales

Sales of inventory are reported net of any returns and discounts. Costs of sales are reported net of purchase discounts and it includes shipping costs.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that the Organization allocates include payroll and related expenses and they are allocated based on the time and effort put forth in the respective program and supporting services. Other expenses that the Organization allocates based on each program and supporting services' utilization include rent, certain professional services, and office and related expenses.

Income Tax Status

The Organization is exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code and has been determined not to be a private foundation by the Internal Revenue Service. The Organization is also exempt from Massachusetts income tax.

**COUNTRY DANCE AND SONG SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 1 - Summary of Significant Accounting Policies– continued**

Subsequent Events

Management has reviewed subsequent events through July 21, 2021, the date the financial statements were available to be issued.

**Note 2 – Concentration of Credit Risk**

From time to time, the Organization has bank account balances in excess of FDIC insured limits. As of December 31, 2020, the FDIC insured limit of \$250,000 was exceeded by \$306,208.

**Note 3 – Pledges Receivable**

Pledge receivables are being reported net of a present value discount for long term pledges. An allowance for doubtful pledge receivables was not considered necessary as of December 31, 2020. Pledge receivables at December 31, 2020 were as follows:

	<u>2020</u>
Less than one yer	\$ 48,550
One to two years	50,000
Two to three years	50,000
Three to four years	-
Total pledges receivable	<u>148,550</u>
Less discounted present value	<u>(189)</u>
Total pledges receivable, net	<u><u>\$ 148,361</u></u>
Pledges receivable-current	\$ 48,550
Pledges receivable-long term	<u>99,811</u>
Total pledges receivable, net	<u><u>\$ 148,361</u></u>

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 4 – Property and Equipment**

Property and equipment consisted of the following as of December 31, 2020:

	2020
Equipment, Furniture and software	\$ 600,231
Accumulated Depreciation	(325,040)
	\$ 275,191
Leasehold improvements	\$ 17,827
Accumulated Amortization	(16,396)
	\$ 1,431

Depreciation and amortization expense was \$78,875 for the year ended December 31, 2020.

**Note 5 – Investments**

The Organization reports its qualifying assets and liabilities in accordance with the Fair Value Measurements and Disclosures Standards under U.S. GAAP (ASC-820). These standards define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

A qualifying asset or liability’s level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 5 – Investments-continued**

The Organization’s investments are all considered level 1 under the fair value hierarchy. The fair value of the investments as of December 31, 2020 was as follows:

	2020
Money market funds	\$ 339,231
Moderate growth fund	647,541
	\$ 986,772

Investment return reported on these financial statements consisted of the following for the year ended December 31, 2020:

	2020
Investment income	\$ 11,778
Realized and unrealized gains	53,233
	\$ 65,011
Investment return-operating	\$ 8,777
Investment return-non-operating	56,234
	\$ 65,011

**Note 6 – Line of Credit**

The Organization has a line of credit with a bank payable on demand. The maximum amount of the line of credit is \$100,000 and carries an interest rate of the bank’s prime rate. The line of credit can be terminated upon written request of either party and is secured by the assets of the Organization. There was no outstanding balance on the credit line as of December 31, 2020.

**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 7 – Leases**

The Organization has several leases that are classified as operating leases under the new lease standard. Future minimum rental payments are as follows for years ending December 31:

2021	\$33,027
2022	21,511
2023	<u>2,773</u>
	<u>\$57,311</u>

**Note 8 – Availability and Liquidity**

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	<u>2020</u>
Financial assets at year-end	\$ 1,695,060
Less those unavailable within one year:	
Net assets with donor restrictions	(99,811)
Funds functioning as endowment	<u>(419,639)</u>
	<u>\$ 1,175,610</u>

CDSS’ goal is to maintain financial assets to meet 90 days of operating expenses.

**Note 9 – Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2020 of \$211,230 consist of \$148,550 in multi-year pledges that are time restricted and \$62,680 of unexpended donor restricted funds for program purposes.

**COUNTRY DANCE AND SONG SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**Note 10 – Funds Functioning as Endowment**

The Organization’s Board of Directors has established board designated funds that function as an endowment fund. These funds are unrestricted net assets. As of December 31, 2020, The Organization had the following endowment related activities:

	2020
Endowment net assets, beginning of year	\$ 369,966
Contributions	6,750
Investment return	
Investment income	7,388
Realized and unrealized gains (losses)	37,035
	44,423
Appropriation for expenditure	(1,500)
Endowment net assets, end of year	\$ 419,639

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original board designated amounts. In accordance with SPMIFA, the Organization considers many factors in making a determination on how to appropriate or accumulate board designated endowment funds including: the duration and preservation of the fund, the purpose of the fund, the general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Organization, and the investment policies of the Organization.

The Organization annually approves a spending amount based on the historical investment returns of the board designated endowment fund that will be available for appropriation.

**Note 11 – Retirement Plan Costs**

The Organization has a defined contribution retirement plan that permits employees to make tax deferred contributions up to the amounts permitted by the Internal Revenue Code. Employees become eligible to participate after two years of service as defined in the Plan. The Organization matches employee contributions in amounts between 1% and 5% of employee compensation, depending on the participant’s years of services. Total retirement plan expense for the year ended December 31, 2020 was \$7,606.



**COUNTRY DANCE AND SONG SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 12 – COVID-19 Pandemic**

During March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was and continues to be severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management has been carefully monitoring the situation and has evaluated its options during this time. As such, on April 9, 2020, Management secured a Paycheck Protection Program (PPP) Loan in the amount of \$105,300, which was subsequently forgiven in full on December 3, 2020. The amount of \$105,300 is included in grant income without restrictions. Subsequent to December 31, 2020, on January 28, 2021, the Organization secured a second PPP Loan in the amount of \$105,383 and has not been forgiven as of the date of these financial statements. In addition to the PPP Loans, on October 26, 2020, CDSS secured an Economic Injury Disaster Loan from the Small Business Association in the amount of \$150,000. This loan may be prepaid in part or in full without notice or penalty. However, principal and interest payments commence twelve months from the date of the loan.