

PAUL TAYLOR DANCE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



LUTZ AND CARR
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Paul Taylor Dance Foundation, Inc.

We have audited the accompanying financial statements of Paul Taylor Dance Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Paul Taylor Dance Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11e to the financial statements, in March 2020, the United States of America declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Paul Taylor Dance Foundation, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
December 13, 2021

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 1,356,505	\$1,568,704
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	233,150	286,870
Without donor restrictions - board designated reserve	949,800	965,800
With donor restrictions	224,075	642,800
Accounts and other receivables	285,460	35,390
Prepaid expenses and other current assets	30,209	49,799
Investments (Notes 1d and 5)	8,975,774	3,544,611
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	665,751	1,754,164
Security deposits	<u>92,950</u>	<u>72,950</u>
Total Assets	<u><u>\$12,813,674</u></u>	<u><u>\$8,921,088</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 130,121	\$ 113,410
Deferred income (Note 1f)	29,110	-
Deferred rent (Note 1g)	174,649	278,514
Refundable advances (Note 7)	105,000	17,000
Loans payable (Note 8)	<u>862,500</u>	<u>738,000</u>
Total Liabilities	<u>1,301,380</u>	<u>1,146,924</u>
Commitments and Contingencies (Notes 10 and 11)		
Net Assets		
Without Donor Restrictions (Note 3a)	<u>8,692,493</u>	<u>4,603,757</u>
With Donor Restrictions (Note 3b)		
Time and purpose restrictions	2,429,801	2,780,407
Perpetual in nature	<u>390,000</u>	<u>390,000</u>
Total With Donor Restrictions	<u>2,819,801</u>	<u>3,170,407</u>
Total Net Assets	<u>11,512,294</u>	<u>7,774,164</u>
Total Liabilities and Net Assets	<u><u>\$12,813,674</u></u>	<u><u>\$8,921,088</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 111,250	\$ 466,950
Box office income	-	737,910
Contributions (Notes 1c and 9b)	2,147,595	2,387,607
Loan forgiveness - Paycheck Protection Program (Note 8)	738,000	-
Benefit income	1,111,429	747,851
Costs of direct benefits to donors	(66,802)	(229,171)
Tuition and registration fees	112,770	293,617
Rental income	14,152	27,891
Investment income (Note 5)	4,196	3,813
Licensing and other fees	128,872	160,500
Miscellaneous	4,033	65,808
Gain (loss) on sale of properties (Note 6)	(69,664)	818,724
	<u>4,235,831</u>	<u>5,481,500</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	400,925	2,335,562
Appropriations from board designated reserve (Note 3a)	-	1,000,000
	<u>400,925</u>	<u>3,335,562</u>
Total Revenue, Gains and Other Support from Operating Activities	<u>4,636,756</u>	<u>8,817,062</u>
Expenses (Note 1a)		
Program Services		
Performances - Tours	973,796	2,393,488
Performances - New York Season	-	3,333,704
New works and PTAMD	881,377	384,854
Repertory preservation	194,890	150,847
School	616,712	716,012
Licensing and other projects	124,881	311,456
Total Program Services	<u>2,791,656</u>	<u>7,290,361</u>
Supporting Services		
Management and general	787,009	721,569
Fundraising	722,763	784,118
Total Supporting Services	<u>1,509,772</u>	<u>1,505,687</u>
Total Expenses	<u>4,301,428</u>	<u>8,796,048</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (carried forward)	<u>335,328</u>	<u>21,014</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (brought forward)	\$ 335,328	\$ 21,014
Non-Operating Activities		
Contributions for board designated reserve (Notes 1c, 3a and 9b)	3,784,579	259,961
Investment income (Note 5)	144,945	21,207
Appropriations from board designated reserve	-	(1,000,000)
Depreciation and amortization expense	(279,981)	(365,709)
Deferred rent credit	103,865	39,282
Total Non-Operating Activities	<u>3,753,408</u>	<u>(1,045,259)</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>4,088,736</u>	<u>(1,024,245)</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1c and 9b)	7,200	500,486
Investment income (Note 5)	43,119	33,391
Write off of uncollectible pledge	-	(26,683)
Net assets released from restrictions	<u>(400,925)</u>	<u>(2,335,562)</u>
Decrease in Net Assets With Donor Restrictions	<u>(350,606)</u>	<u>(1,828,368)</u>
Increase (decrease) in net assets	3,738,130	(2,852,613)
Net assets, beginning of year	<u>7,774,164</u>	<u>10,626,777</u>
Net Assets, End of Year	<u><u>\$11,512,294</u></u>	<u><u>\$7,774,164</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	Program Services									Supporting Services			2021	2020
	Performances			New York Season	New Works and PTAMD	Repertory Preservation	School	Licensing and Other Programs	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
	PTDC	Tours Taylor 2	Total											
Salaries and fees	\$ 589,229	\$ -	\$ 589,229	\$ -	\$ 532,613	\$ 67,594	\$335,911	\$ 93,840	\$1,619,187	\$ 332,359	\$ 307,740	\$ 640,099	\$2,259,286	\$4,055,251
Payroll taxes and fringe benefits	156,820	-	156,820	-	139,305	14,007	88,758	19,446	418,336	68,870	77,563	146,433	564,769	1,049,204
Occupancy expenses	54,942	-	54,942	-	128,671	64,427	131,719	21	379,780	127,874	65,456	193,330	573,110	995,576
Advertising and publicity	748	-	748	-	825	-	413	206	2,192	1,649	25,506	27,155	29,347	631,420
Per diems and tours	85,166	-	85,166	-	6,811	-	-	1,889	93,866	-	428	428	94,294	242,515
Transportation and travel	50,185	-	50,185	-	3,619	-	44	414	54,262	996	1,125	2,121	56,383	200,001
Professional fees	10,740	-	10,740	-	13,720	41,893	6,790	3,395	76,538	186,869	199,567	386,436	462,974	301,842
Insurance	7,256	-	7,256	-	1,814	1,451	9,071	1,814	21,406	14,513	363	14,876	36,282	51,273
Artist fees	-	-	-	-	27,011	-	-	3,600	30,611	175	2,000	2,175	32,786	199,936
Scholarships	-	-	-	-	-	-	28,180	-	28,180	-	-	-	28,180	32,045
Office expenses	2,566	-	2,566	-	600	3,229	3,951	228	10,574	33,882	18,140	52,022	62,596	56,882
Costumes and scenery	865	-	865	-	18,136	-	130	-	19,131	-	-	-	19,131	29,937
Production expenses	8,077	-	8,077	-	1,098	-	5,891	-	15,066	937	3,474	4,411	19,477	62,386
Music	16	-	16	-	-	-	7	-	23	-	-	-	23	600,026
Entertainment and reception	4,553	-	4,553	-	1,121	-	-	28	5,702	6,550	10,013	16,563	22,265	189,489
Postage, printing and mailing	506	-	506	-	1,075	317	917	-	2,815	793	10,391	11,184	13,999	73,182
Telephone	2,127	-	2,127	-	4,958	1,972	4,930	-	13,987	4,929	986	5,915	19,902	24,450
Bad debt expense	-	-	-	-	-	-	-	-	-	3,711	-	3,711	3,711	164
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	2,902	11	2,913	2,913	469
Total Expenses Before Items Below	973,796	-	973,796	-	881,377	194,890	616,712	124,881	2,791,656	787,009	722,763	1,509,772	4,301,428	8,796,048
Depreciation and amortization expense	27,998	-	27,998	-	69,995	27,998	69,995	-	195,986	69,996	13,999	83,995	279,981	365,709
Deferred rent credit	-	-	-	-	-	-	-	-	-	(103,865)	-	(103,865)	(103,865)	(39,282)
Total Expenses, 2021	<u>\$1,001,794</u>	<u>\$ -</u>	<u>\$1,001,794</u>	<u>\$ -</u>	<u>\$ 951,372</u>	<u>\$ 222,888</u>	<u>\$686,707</u>	<u>\$124,881</u>	<u>\$2,987,642</u>	<u>\$ 753,140</u>	<u>\$ 736,762</u>	<u>\$1,489,902</u>	<u>\$4,477,544</u>	
Total Expenses, 2020	<u>\$1,999,639</u>	<u>\$430,420</u>	<u>\$2,430,059</u>	<u>\$3,370,275</u>	<u>\$ 494,567</u>	<u>\$ 169,132</u>	<u>\$789,154</u>	<u>\$348,027</u>	<u>\$7,601,214</u>	<u>\$ 718,858</u>	<u>\$ 802,403</u>	<u>\$1,521,261</u>		<u>\$9,122,475</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services									Supporting Services			Total Expenses
	Performances			New York Season	New Works and PTAMD	Repertory Preservation	School	Licensing and Other Programs	Total	Management and General	Fundraising	Total	
	PTDC	Taylor 2	Total										
Salaries and fees	\$1,312,867	\$299,428	\$1,612,295	\$1,067,665	\$ 32,178	\$ 110,187	\$363,047	\$123,369	\$3,308,741	\$ 322,547	\$ 423,963	\$ 746,510	\$4,055,251
Payroll taxes and fringe benefits	222,220	57,214	279,434	402,846	40,371	5,533	77,546	30,612	836,342	143,012	69,850	212,862	1,049,204
Occupancy expenses	48,811	17,332	66,143	333,098	227,785	31,322	136,811	67,733	862,892	66,625	66,059	132,684	995,576
Advertising and publicity	1,113	259	1,372	619,892	1,556	-	4,527	519	627,866	776	2,778	3,554	631,420
Per diems and tours	200,315	18,289	218,604	18,469	-	-	1,311	2,442	240,826	-	1,689	1,689	242,515
Transportation and travel	153,295	14,647	167,942	16,797	2,321	-	1,216	2,043	190,319	652	9,030	9,682	200,001
Professional fees	-	7,995	7,995	3,130	-	-	500	28,000	39,625	143,229	118,988	262,217	301,842
Insurance	10,005	2,501	12,506	11,255	2,501	2,001	10,005	2,501	40,769	10,004	500	10,504	51,273
Artist fees	2,800	700	3,500	121,820	56,500	-	-	11,616	193,436	2,100	4,400	6,500	199,936
Scholarships	-	-	-	-	-	-	32,045	-	32,045	-	-	-	32,045
Office expenses	1,317	193	1,510	13,013	-	-	5,586	227	20,336	18,085	18,461	36,546	56,882
Costumes and scenery	693	129	822	21,567	7,457	-	41	-	29,887	-	50	50	29,937
Production expenses	3,029	85	3,114	21,928	2,220	-	547	34,343	62,152	234	-	234	62,386
Music	119	-	119	597,760	147	-	-	-	598,026	-	2,000	2,000	600,026
Entertainment and reception	9,615	1,412	11,027	76,083	668	-	71,844	4,412	164,034	10,184	15,271	25,455	189,489
Postage, printing and mailing	2,020	369	2,389	6,188	4,572	708	6,601	1,446	21,904	1,459	49,819	51,278	73,182
Telephone	3,992	724	4,716	2,193	6,578	1,096	4,385	2,193	21,161	2,193	1,096	3,289	24,450
Bad debt expense	-	-	-	-	-	-	-	-	-	-	164	164	164
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	469	-	469	469
Total Expenses Before Items Below	1,972,211	421,277	2,393,488	3,333,704	384,854	150,847	716,012	311,456	7,290,361	721,569	784,118	1,505,687	8,796,048
Depreciation and amortization expense	27,428	9,143	36,571	36,571	109,713	18,285	73,142	36,571	310,853	36,571	18,285	54,856	365,709
Deferred rent credit	-	-	-	-	-	-	-	-	-	(39,282)	-	(39,282)	(39,282)
Total Expenses	\$1,999,639	\$430,420	\$2,430,059	\$3,370,275	\$ 494,567	\$ 169,132	\$789,154	\$348,027	\$7,601,214	\$ 718,858	\$ 802,403	\$1,521,261	\$9,122,475

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 3,738,130	\$(2,852,613)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Bad debt expense	3,711	164
Write off of uncollectible pledge	-	(26,683)
Depreciation and amortization	279,981	365,709
Realized gain on investments	(8,021)	(33,854)
Unrealized (gain) loss on investments	(119,575)	29,695
(Gain) loss on sale of property	69,664	(818,724)
Deferred rent credit	(103,865)	(39,282)
Cash received for board designated reserve	(3,800,579)	(315,577)
Loan forgiveness - Paycheck Protection Program	(738,000)	-
(Increase) decrease in:		
Unconditional promises to give	484,945	(128,296)
Accounts and other receivables	(250,281)	27,426
Touring fees receivable	-	14,841
Prepaid expenses and other current assets	19,590	429,713
Security deposits	(20,000)	5,000
Increase (decrease) in:		
Accounts payable and accrued expenses	16,711	(134,628)
Deferred income	29,110	(92,652)
Refundable advances	88,000	(147,225)
Net Cash Used By Operating Activities	<u>(310,479)</u>	<u>(3,716,986)</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(37,802)	(73,676)
Proceeds from sale of property	776,570	1,582,270
Proceeds from sale of investments	9,957,414	6,930,839
Purchase of investments	<u>(15,260,981)</u>	<u>(5,166,345)</u>
Net Cash Provided (Used) By Investing Activities	<u>(4,564,799)</u>	<u>3,273,088</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	3,800,579	315,577
Proceeds from loans payable	<u>862,500</u>	<u>738,000</u>
Net Cash Provided By Financing Activities	<u>4,663,079</u>	<u>1,053,577</u>
Net increase (decrease) in cash and cash equivalents	(212,199)	609,679
Cash and cash equivalents, beginning of year	<u>1,568,704</u>	<u>959,025</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,356,505</u></u>	<u><u>\$ 1,568,704</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Paul Taylor Dance Foundation, Inc. oversees the activities of Paul Taylor American Modern Dance, the Paul Taylor Dance Company, the Taylor School, the Taylor Archives, and the licensing of Paul Taylor works. Under the umbrella of Paul Taylor American Modern Dance, the Organization presents annual seasons in New York City, where the works of Paul Taylor are performed as well as works by other modern dance choreographers. The Paul Taylor Dance Company tours worldwide, presenting a full repertory of Taylor works and works by other choreographers. The Paul Taylor School teaches Taylor technique and also offers master classes with other choreographers and dancers. Classes are offered for professional dancers as well as for neighborhood children. The Organization's main sources of revenue are from touring/performance fees, box office income and contributions.

The Organization did not produce a New York City season in fiscal 2020-21, and has scaled back its New York performances in fiscal 2021-2022 in response to the COVID-19 global pandemic. In addition, the smaller Taylor 2 Dance Company was disbanded, and both worldwide and domestic touring was halted or reduced to very few engagements. Most of the school activity was cancelled except for a selection of on-line offerings. As a result, comparisons with prior years will show a significant difference in program expense and the program to management expense ratios.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments, purchased with a maturity of three months or less, such as money market funds and short-term depositories, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give - that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future - are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectable promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

Accounting principles generally accepted in the United States of America ("GAAP") establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values. The fair value of the Organization's investments is measured using Level 1 inputs, quoted prices in active markets.

e - Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset.

f - Revenue Recognition

The Organization has multiple revenue streams that are accounted for as exchange transactions including performance income, box office income, tuition income, rental income, and other earned income. The Organization recognizes revenue at the point of time or over the period during which it satisfies the related performance obligations.

Performance income and box office income includes fees for ticket sales and touring contracts which are generally collected prior to the date of the performance or tour. Performance income and box office income is recorded as revenue during the period of the performance or tour. Performance income and box office income related to performances or tours taking place in future periods are recorded as deferred income.

Tuition income is either collected prior to the start of the class or on a payment plan during the course of the class. Tuition income is recorded as revenue during the period the class takes place. Tuition income related to classes taking place in future periods is recorded as deferred income.

Other earned revenue, including merchandise sales, is recognized in the period that the related goods or services are provided.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Rent Expense

The Organization records rent expense associated with its studio and office lease on a straight-line basis over the life of the lease (see Note 11a). The difference between the straight-line amount and the amount actually paid during the year is recorded as a reduction to the liability and expense in the accompanying financial statements.

h - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with GAAP, which require 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 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 the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

i - Tax Status

Paul Taylor Dance Foundation, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

j - Estimates

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

k - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include depreciation and amortization, insurance, general office expenses, and occupancy costs, which are allocated based on an estimated square footage usage.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****l - Advertising Costs**

Advertising costs directly attributed to a performance are charged to operations when the performances take place. All other advertising costs are expensed as incurred. Advertising expense for 2021 and 2020 was \$3,223 and \$576,492, respectively.

m - Subsequent Events

The Organization has evaluated subsequent events through December 13, 2021, the date that the financial statements are considered available to be issued.

n - New Accounting Pronouncement

In 2021, the Organization adopted Accounting Standards Update (ASU) No 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as the Organization satisfies the performance obligation. Adoption of this ASU had no impact on the Organization's financial statements.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested. Investments are managed by the investment advisor under the guidelines established by the Investment Committee and are reviewed by the committee periodically and reported to the Board of Directors.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2021 and 2020, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 1,356,505	\$ 1,568,704
Unconditional promises to give	1,407,025	1,895,470
Accounts and other receivables	285,460	35,390
Investments	<u>8,975,774</u>	<u>3,544,611</u>
Total Financial Assets	12,024,764	7,044,175
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(2,429,801)	(2,780,407)
Plus: Net assets with donor restrictions expected to be met in less than one year	1,277,979	1,614,904
Net assets with donor restrictions - cash reserve funds	(390,000)	(390,000)
Net assets without donor restrictions, subject to board-approved appropriation	(7,902,398)	(3,196,304)
Plus: Amounts appropriated for use within one year	<u>556,208</u>	<u>1,000,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,136,752</u>	<u>\$3,292,368</u>

In addition to these financial assets available within one year, the Organization's board designated reserve (Note 3a) could be made available at any time to meet cash needs for general expenditures at the discretion of the board. The Organization may also borrow from its donor restricted cash reserve, more fully described in Note 3b, to meet short-term or unanticipated liquidity needs.

Note 3 - Net Assets

a - Net Assets Without Donor Restrictions

The Board of Directors established a board designated reserve fund for Paul Taylor's American Modern Dance to be used at the discretion of the board. The fund consists of contributions received and unconditional promises to give. The net asset balance of the fund at June 30, 2021 and 2020 was \$7,902,398 and \$3,196,304, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 3 - Net Assets (continued)a - Net Assets Without Donor Restrictions (continued)

The fund increased during the year ended June 30, 2021 through the addition of \$3,784,579 of new contributions, proceeds from the sale of an apartment of \$776,570 (Note 6) and investment earnings of \$144,945. During the year ended June 30, 2020, the Board of Directors appropriated \$1,000,000 from the fund and generated \$21,207 of investment earnings.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Paul Taylor American Modern Dance	\$2,090,822	\$2,047,703
New works	64,904	289,904
Touring and NY Season	150,000	180,000
Dance preservation	-	20,000
	<u>2,305,726</u>	<u>2,537,607</u>
Subject to passage of time	<u>124,075</u>	<u>242,800</u>
	<u>2,429,801</u>	<u>2,780,407</u>
Perpetual in nature:		
<i>Cash Reserve</i>		
National Endowment for the Arts Challenge Grant and matching contributions. All advances must normally be repaid within one year, but no later than two years.	220,000	220,000
The Rockefeller Brothers Fund for cash reserves to strengthen the Organization's long-term financial viability.	150,000	150,000
<i>Dancer Emergency Fund</i>		
National Endowment for the Arts Challenge Grant and matching contributions. Used to maintain dancers at full salary during protracted recoveries from serious injury or illness or through personal emergencies. Any amounts borrowed from this fund are to be repaid within two years from unrestricted net assets.	20,000	20,000
	<u>390,000</u>	<u>390,000</u>
Total Net Assets With Donor Restrictions	<u>\$2,819,801</u>	<u>\$3,170,407</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 4 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 590,825	\$ 960,070
One to seven years	<u>909,000</u>	<u>1,039,000</u>
	1,499,825	1,999,070
Less: Discount to present value	<u>(92,800)</u>	<u>(103,600)</u>
	<u><u>\$1,407,025</u></u>	<u><u>\$1,895,470</u></u>

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give due after one year are discounted to present value using a discount rate of 3%.

b - Conditional Promises to Give

The Organization has received various pledges relating to the board designated reserve fund and dance education that were conditional in nature. At June 30, 2021 contributions approximating \$651,000 have not been recognized in the accompanying financial statements because the conditions on which they depend have not yet been met.

Note 5 - Investments

Investments at June 30, 2021 and 2020, all of which are Level 1 within the fair value hierarchy, are reflected at fair value and consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 407,238	\$ 407,238	\$1,245,187	\$1,245,187
Municipal bonds	4,234,072	4,233,638	-	-
Corporate bonds	1,278,711	1,283,812	-	-
Domestic equity securities	1,647,220	1,737,119	-	-
Foreign equity securities	273,594	274,659	-	-
Mutual funds - equities	1,001,219	1,039,308	-	-
US Treasury Securities	<u>-</u>	<u>-</u>	<u>2,285,279</u>	<u>2,299,424</u>
	<u><u>\$8,842,054</u></u>	<u><u>\$8,975,774</u></u>	<u><u>\$3,530,466</u></u>	<u><u>\$3,544,611</u></u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 5 - Investments (continued)

Net investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 80,783	\$66,094
Realized gain on investments	8,021	33,854
Unrealized gain (loss) on investments	119,575	(29,695)
Investment fees	<u>(16,119)</u>	<u>(11,842)</u>
	<u>\$192,260</u>	<u>\$58,411</u>
Allocated to:		
Without donor restrictions:		
Operations	\$ 4,196	\$ 3,813
Board designated reserve	144,945	21,207
With donor restrictions:		
Purpose related	<u>43,119</u>	<u>33,391</u>
	<u>\$192,260</u>	<u>\$58,411</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2021</u>	<u>2020</u>
Leasehold improvements	Life of lease	\$2,624,272	\$2,613,342
Cooperative apartments	27.5 years	-	958,000
Equipment	5 years	175,639	149,279
Furniture	7 years	73,519	73,519
Lease acquisition costs	Life of lease	24,150	24,150
Costumes and sets	3-10 years	<u>291,457</u>	<u>291,457</u>
		3,189,037	4,109,747
Less: Accumulated depreciation and amortization		<u>(2,523,286)</u>	<u>(2,355,583)</u>
Total		<u>\$ 665,751</u>	<u>\$1,754,164</u>

During the years ended June 30, 2021 and 2020, the Organization sold its cooperative apartments for \$776,570 and \$1,582,270, respectively, and recognized a gain (loss) on sale of \$(69,664) and \$818,724, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 7 - Refundable Advances**

Amounts received for the Organization's fundraising benefit event are recorded as refundable advances until the event takes place, at which time the advances are recognized as revenue.

Note 8 - Loans Payable - Paycheck Protection Program

On April 21, 2020, the Organization received a loan totaling \$738,000 under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if the Organization met certain employee retention requirements and the funds are used for eligible expenses. In April 2021, the Organization received forgiveness of the full loan amount, and accordingly recognized loan forgiveness revenue.

In February 2021, the Organization received a second PPP loan totaling \$862,500. The loan bears interest at 1% per annum, is due on February 17, 2026, and may be forgiven if the Organization meets certain employee retention requirements and the funds are used for eligible expenses. The Organization expects to meet all of the requirements for forgiveness.

Note 9 - Concentration of Credit Risk

- a - The Organization maintains its cash and cash equivalents in several financial institutions located in New York State. The cash balances, at times, may exceed federally insured limits.
- b - Contributions from two donors approximated 42% of total contribution income during the year ended June 30, 2021. Contributions from four donors approximate 35% of total contribution income during the year ended June 30, 2020.

Note 10 - Retirement Plan

The Organization maintained a 401(k) plan for all eligible employees through a Professional Employer Organization. A discretionary contribution is made to match 3% of an employee's contribution up to a maximum of \$1,000. The Organization contributed \$20,102 and \$23,716 to the plan for the years ended June 30, 2021 and 2020, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 11 - Commitments and Contingencies

- a - The Organization entered into a lease in 2009 expiring February 29, 2024 for studio and office space. The Organization has the option to extend the term of the lease for one additional term of five years. Under the terms of the lease, starting in 2014, the annual base rent is determined by using the higher of the stated base rent or the annual base rent for the immediately preceding lease year increased by the Consumer Price Index (CPI) Adjustment.

In August 2018, the Organization entered into a lease expiring July 31, 2020 for additional office space. The lease was extended to February 29, 2024.

In October 2020, the Organization executed a settlement agreement with its landlord that required the Organization to pay \$200,000 related to real estate taxes assessed during the year ended June 30, 2020 and unpaid rent for the period July 2020 through October 2020. As part of the settlement, the Organization secured reductions in the minimum monthly rental amounts for the period November 2020 through the end of the lease term.

Minimum annual rentals under these revised lease terms, assuming the per annum base rent, are as follows:

<u>Year Ending June 30,</u>	
2022	\$338,512
2023	427,495
Thereafter, through February 29, 2024	292,591

Rent expense for the years ended June 30, 2021 and 2020 was \$248,111 and \$343,569, respectively.

- b - The Organization and its Founder/Artistic Director, Paul Taylor ("Director"), entered into an agreement, effective May 12, 2009, in which the Organization obtained the licenses to use the Director's name and likeness and to perform the Director's choreography beyond the time the Director no longer serves as the Organization's Artistic Director. Upon the Director's death, which was August 29, 2018, the Organization obtained the rights to use the Director's name and likeness and to perform the Director's choreography.
- c - The Organization has entered into employment agreements with two officers of the Organization that have a terms expiring between 2022 and 2024. The agreements provide for base compensation and retirement and other benefits. The agreements can be terminated by the Organization for cause, as defined in the agreements.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021 AND 2020****Note 11 - Commitments and Contingencies (continued)**

- d - Government supported projects are subject to audit by the applicable granting agency.
- e - In March 2020, the United States of America declared a national emergency in response to the COVID-19 global pandemic. As a result, on March 13, 2020, the Organization suspended all of its touring, school classes and live events based on the mandates from state and local governmental authorities. The Organization received proceeds from a business interruption insurance policy as a result of these suspended activities.

In 2020 the Organization went exclusively to on-line school classes and virtual fundraising events. The Organization canceled dozens of performances and worked to adapt the in-person events and workshops into the digital space while reducing costs wherever possible for the balance of the year. In addition, the Organization applied for COVID-19 relief funds through various institutional and individual funding sources and received several grants and contributions to help offset some of the losses due to the pandemic. In April 2020, and again in February of 2021, the Organization received Paycheck Protection Program loans through the federal CARES Act. In addition, applications are pending to receive benefits under the Earned Income Tax Credit program, and a small portion of the estimated total credit has been received.

Management continues to evaluate the potential impact that the resulting economic uncertainties will have on the Organization's operations while at the same time doing its best to protect its dancers, staff and audiences. During 2021, the Organization and has been navigating a gradual return to full operations. In September of 2020, the dancers returned to rehearsing in person under strict COVID protocols, including daily antigen testing beginning in January of 2021. The entire company was vaccinated in early 2021. Limited national touring began again in the summer of 2021, the school resumed live classes in the fall, and the Company returns to live New York City performances in the Spring of 2022.

Management and the Board of Directors are pleased that a combination of cost cutting and generous support from donors are sufficient to support the Organization's operations on an ongoing basis.