

PAUL TAYLOR DANCE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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 nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2019 and 2018, 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.

Lotz + Carr, LLP

New York, New York
December 3, 2019

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 959,025	\$1,045,798
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	305,751	603,839
Without donor restrictions - board designated reserve	1,000,839	1,011,953
With donor restrictions	433,901	396,049
Accounts and other receivables	77,821	128,278
Prepaid expenses and other current assets	479,512	113,669
Investments (Notes 1d and 5)	5,304,946	3,519,856
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	2,809,743	3,055,966
Security deposits	<u>77,950</u>	<u>77,950</u>
Total Assets	<u><u>\$11,449,488</u></u>	<u><u>\$9,953,358</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 248,038	\$ 129,998
Deferred income (Note 1f)	92,652	109,337
Deferred rent (Note 1g)	317,796	342,276
Refundable advances (Note 7)	<u>164,225</u>	<u>-</u>
Total Liabilities	<u>822,711</u>	<u>581,611</u>
Commitments and Contingency (Notes 8 and 10)		
Net Assets		
Without donor restrictions (Note 3a)	<u>5,628,002</u>	<u>3,638,681</u>
With Donor Restrictions (Note 3b)		
Time and purpose restrictions	4,608,775	5,343,066
Perpetual in nature	<u>390,000</u>	<u>390,000</u>
Total Net Assets With Donor Restrictions	<u>4,998,775</u>	<u>5,733,066</u>
Total Net Assets	<u>10,626,777</u>	<u>9,371,747</u>
Total Liabilities and Net Assets	<u><u>\$11,449,488</u></u>	<u><u>\$9,953,358</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 649,746	\$ 780,686
Box office income	-	974,566
Contributions (Note 1c and 9b)	3,772,577	5,360,325
Benefit income	-	985,007
Costs of direct benefits to donors	-	(216,352)
Tuition and registration fees	342,651	265,149
Rental income	42,317	27,181
Investment income (Note 5)	26,124	53,907
Licensing and other fees	73,370	146,110
Miscellaneous	2,446	23,399
	<u>4,909,231</u>	<u>8,399,978</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	1,133,690	1,369,038
Appropriations from board designated reserve	1,630,600	-
	<u>2,764,290</u>	<u>1,369,038</u>
 Total Revenue, Gains and Other Support from Operating Activities	 <u>7,673,521</u>	 <u>9,769,016</u>
Expenses (Note 1a)		
Program Services		
Performances - Tours	2,756,365	2,601,856
Performances - New York Season	-	3,256,366
New works and PTAMD	1,313,242	1,210,013
Repertory preservation	279,290	259,788
School	628,668	478,852
Licensing and other projects	630,960	189,128
Total Program Services	<u>5,608,525</u>	<u>7,996,003</u>
Supporting Services		
Management and general	1,056,239	540,449
Fundraising	1,006,224	1,165,334
Total Supporting Services	<u>2,062,463</u>	<u>1,705,783</u>
 Total Expenses	 <u>7,670,988</u>	 <u>9,701,786</u>
 Increase in Net Assets Without Donor Restrictions from Operating Activities (carried forward)	 <u>2,533</u>	 <u>67,230</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (brought forward)	\$ 2,533	\$ 67,230
Non-Operating Activities		
Contributions for board designated reserve (Note 1c and 9b)	3,964,786	-
Contributions for the purchase of co-op (Note 1c and 9b)	-	959,800
Change in discounting - board designated reserve pledges	-	(16,535)
Gain on sale of property	-	4,101
Investment income (Note 5)	37,280	-
Appropriations from board designated reserve	(1,630,600)	-
Depreciation expense	(409,158)	(403,610)
Deferred rent credit	24,480	12,521
Total Non-Operating Activities	<u>1,986,788</u>	<u>556,277</u>
Increase in Net Assets Without Donor Restrictions	<u>1,989,321</u>	<u>623,507</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 1c and 9b)	348,414	353,640
Investment income (Note 5)	50,985	-
Net assets released from restrictions	<u>(1,133,690)</u>	<u>(1,369,038)</u>
Decrease in Net Assets With Donor Restrictions	<u>(734,291)</u>	<u>(1,015,398)</u>
Increase (decrease) in net assets	1,255,030	(391,891)
Net assets, beginning of year	<u>9,371,747</u>	<u>9,763,638</u>
Net Assets, End of Year	<u>\$10,626,777</u>	<u>\$9,371,747</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Program Services								Supporting Services			2019	2018	
	Performances			New York Season	New Works and PTAMD	Repertory Preservation	School	Taylor Memorial, Licensing		Management and General	Fundraising	Total	Total Expenses	Total Expenses
	PTDC	Tours Taylor 2	Total					Other Projects	Total					
Salaries and fees	\$1,187,421	\$378,149	\$1,565,570	\$ -	\$ 777,996	\$ 200,629	\$311,006	\$ 179,740	\$3,034,941	\$ 579,012	\$ 572,672	\$1,151,684	\$4,186,625	\$ 4,471,202
Payroll taxes and fringe benefits	187,553	64,821	252,374	-	188,347	21,938	63,295	139,994	665,948	179,654	102,350	282,004	947,952	1,107,901
Occupancy expenses	61,442	61,574	123,016	-	213,079	38,958	125,175	61,269	561,497	60,835	56,260	117,095	678,592	910,775
Advertising and publicity	8,471	2,474	10,945	-	8,246	3,328	6,592	4,947	34,058	857	3,624	4,481	38,539	698,513
Per diems and tours	340,066	59,064	399,130	-	2,300	-	4,467	504	406,401	2,733	10,159	12,892	419,293	344,908
Transportation and travel	238,765	27,421	266,186	-	12,839	599	627	7,822	288,073	2,541	22,654	25,195	313,268	376,595
Professional fees	1,125	14,843	15,968	-	2,800	-	32,000	-	50,768	143,903	56,052	199,955	250,723	267,088
Insurance	11,899	6,544	18,443	-	5,950	2,975	11,899	6,700	45,967	13,683	595	14,278	60,245	50,641
Artist fees	-	-	-	-	57,525	-	551	19,640	77,716	16	950	966	78,682	269,261
Scholarships	-	-	-	-	-	-	50,663	-	50,663	-	-	-	50,663	6,150
Office expenses	4,146	829	4,975	-	242	416	7,018	9,522	22,173	24,651	15,442	40,093	62,266	73,116
Costumes and scenery	15,260	921	16,181	-	15,652	-	899	-	32,732	-	-	-	32,732	36,584
Production expenses	16,505	779	17,284	-	-	9,448	717	62,164	89,613	88	5,446	5,534	95,147	114,255
Music	2,183	-	2,183	-	7,778	-	-	61,057	71,018	-	-	-	71,018	511,980
Entertainment and reception	47,840	1,018	48,858	-	5,900	-	140	72,379	127,277	14,446	102,874	117,320	244,597	280,333
Postage, printing and mailing	5,594	1,817	7,411	-	6,252	999	8,855	2,306	25,823	1,024	53,525	54,549	80,372	120,946
Telephone	5,021	2,820	7,841	-	8,336	-	4,764	2,397	23,338	2,381	1,203	3,584	26,922	32,348
Bad debt expense	-	-	-	-	-	-	-	-	-	25,543	2,418	27,961	27,961	26,525
Miscellaneous expenses	-	-	-	-	-	-	-	519	519	4,872	-	4,872	5,391	2,665
Total Expenses Before Items Below	2,133,291	623,074	2,756,365	-	1,313,242	279,290	628,668	630,960	5,608,525	1,056,239	1,006,224	2,062,463	7,670,988	9,701,786
Depreciation expense	40,916	40,916	81,832	-	143,205	-	81,832	40,916	347,785	40,915	20,458	61,373	409,158	403,610
Deferred rent credit	-	-	-	-	-	-	-	-	-	(24,480)	-	(24,480)	(24,480)	(12,521)
Total Expenses, 2019	<u>\$2,174,207</u>	<u>\$663,990</u>	<u>\$2,838,197</u>	<u>\$ -</u>	<u>\$1,456,447</u>	<u>\$ 279,290</u>	<u>\$710,500</u>	<u>\$ 671,876</u>	<u>\$5,956,310</u>	<u>\$ 1,072,674</u>	<u>\$ 1,026,682</u>	<u>\$2,099,356</u>	<u>\$8,055,666</u>	
Total Expenses, 2018	<u>\$2,068,984</u>	<u>\$613,594</u>	<u>\$2,682,578</u>	<u>\$3,296,727</u>	<u>\$1,351,276</u>	<u>\$ 259,788</u>	<u>\$559,574</u>	<u>\$ 189,128</u>	<u>\$8,339,071</u>	<u>\$ 568,290</u>	<u>\$ 1,185,514</u>	<u>\$1,753,804</u>		<u>\$10,092,875</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services								Supporting Services			Total Expenses	
	Performances			New York Season	New Works and PTAMD	Repertory Preservation	School	Licensing and Other Projects	Total	Management and General	Fundraising		Total
	PTDC	Tours Taylor 2	Total										
Salaries and fees	\$1,179,278	\$333,987	\$1,513,265	\$ 969,889	\$ 697,767	\$ 151,049	\$274,351	\$ 70,420	\$3,676,741	\$ 150,712	\$ 643,749	\$ 794,461	\$ 4,471,202
Payroll taxes and fringe benefits	187,670	53,368	241,038	377,944	142,971	20,604	49,479	38,337	870,373	108,249	129,279	237,528	1,107,901
Occupancy expenses	66,578	57,271	123,849	309,801	203,880	53,332	115,507	890	807,259	57,228	46,288	103,516	910,775
Advertising and publicity	1,299	689	1,988	678,644	1,732	216	5,340	173	688,093	-	10,420	10,420	698,513
Per diems and tours	264,038	43,630	307,668	24,634	-	2,112	1,342	5,088	340,844	390	3,674	4,064	344,908
Transportation and travel	271,304	53,651	324,955	10,957	7,403	8,419	863	1,113	353,710	5,435	17,450	22,885	376,595
Professional fees	645	17,305	17,950	7,700	20,000	-	-	10,000	55,650	119,386	92,052	211,438	267,088
Insurance	10,028	5,515	15,543	11,531	5,014	2,507	10,028	501	45,124	5,016	501	5,517	50,641
Artist fees	900	-	900	112,993	87,553	-	-	53,315	254,761	10,000	4,500	14,500	269,261
Scholarships	-	-	-	-	-	-	6,150	-	6,150	-	-	-	6,150
Office expenses	3,885	135	4,020	14,864	220	777	6,054	389	26,324	32,024	14,768	46,792	73,116
Costumes and scenery	1,862	791	2,653	9,179	24,439	-	313	-	36,584	-	-	-	36,584
Production expenses	15,845	2,413	18,258	41,298	2,235	15,890	600	8,662	86,943	26	27,286	27,312	114,255
Music	15	-	15	511,811	154	-	-	-	511,980	-	-	-	511,980
Entertainment and reception	18,206	218	18,424	119,262	2,090	3,394	207	161	143,538	22,463	114,332	136,795	280,333
Postage, printing and mailing	1,853	1,247	3,100	52,846	4,009	1,474	2,567	79	64,075	868	56,003	56,871	120,946
Telephone	5,217	3,013	8,230	3,013	10,546	14	6,026	-	27,829	3,012	1,507	4,519	32,348
Bad debt expense	-	-	-	-	-	-	-	-	-	23,000	3,525	26,525	26,525
Miscellaneous expenses	-	-	-	-	-	-	25	-	25	2,640	-	2,640	2,665
Total Expenses Before Items Below	2,028,623	573,233	2,601,856	3,256,366	1,210,013	259,788	478,852	189,128	7,996,003	540,449	1,165,334	1,705,783	9,701,786
Depreciation expense	40,361	40,361	80,722	40,361	141,263	-	80,722	-	343,068	40,362	20,180	60,542	403,610
Deferred rent credit	-	-	-	-	-	-	-	-	-	(12,521)	-	(12,521)	(12,521)
Total Expenses	<u>\$2,068,984</u>	<u>\$613,594</u>	<u>\$2,682,578</u>	<u>\$3,296,727</u>	<u>\$1,351,276</u>	<u>\$ 259,788</u>	<u>\$559,574</u>	<u>\$ 189,128</u>	<u>\$8,339,071</u>	<u>\$ 568,290</u>	<u>\$ 1,185,514</u>	<u>\$1,753,804</u>	<u>\$10,092,875</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 1,255,030	\$ (391,891)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Bad debt expense	27,961	26,525
Depreciation	409,158	403,610
Realized gain on investments	(6,011)	(13,791)
Unrealized (gain) loss on investments	(38,208)	4,359
Gain on sale of property	-	(4,101)
Deferred rent credit	(24,480)	(12,521)
Cash received for board designated reserve	(3,975,900)	(64,929)
(Increase) decrease in:		
Unconditional promises to give	271,187	2,300,252
Accounts and other receivables	(20,575)	(2,951)
Touring fees receivable	43,234	(52,198)
Prepaid expenses and other current assets	(365,843)	(17,102)
Security deposits	-	(500)
Increase (decrease) in:		
Accounts payable and accrued expenses	118,040	(6,643)
Deferred income	(16,685)	19,980
Refundable advances	164,225	-
Net Cash Provided (Used) By Operating Activities	<u>(2,158,867)</u>	<u>2,188,099</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(162,935)	(1,042,903)
Proceeds from sale of property	-	6,200
Proceeds from sale of investments	13,790,873	3,479,825
Purchase of investments	<u>(15,531,744)</u>	<u>(6,041,176)</u>
Net Cash Used By Investing Activities	<u>(1,903,806)</u>	<u>(3,598,054)</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	<u>3,975,900</u>	<u>64,929</u>
Net decrease in cash and cash equivalents	(86,773)	(1,345,026)
Cash and cash equivalents, beginning of year	<u>1,045,798</u>	<u>2,390,824</u>
Cash and Cash Equivalents, End of Year	<u>\$ 959,025</u>	<u>\$1,045,798</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Paul Taylor Dance Foundation, Inc. (the "Organization") oversees the activities of Paul Taylor American Modern Dance, the Paul Taylor Dance Company, Taylor 2, the Taylor School, the Taylor Archives and licensing of Paul Taylor works. Paul Taylor American Modern Dance presents an annual season in New York where the works of Paul Taylor are performed as well as works by other modern dance choreographers. Both the Paul Taylor Dance Company and Taylor 2 tour world-wide, presenting a full repertory of Taylor works plus occasional work by other choreographers. The Paul Taylor School teaches Taylor technique to both professional dancers and 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 2018-2019 because of the shift from an annual spring season to an annual fall season. As a result, comparisons with prior years will show a significant difference in program expense, and the program to management expense ratio. Moving forward the Organization anticipates keeping the New York City season in the fall and that the program to management expense ratio will return to that of previous years.

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. 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.

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.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments**

Generally accepted accounting principles 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 - Performance and Tuition Revenue

Performance and tuition revenue is recognized in the period the performance or class takes place.

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 8a). 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 U.S. generally accepted accounting principles, 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, where by the donor has stipulated the funds be maintained in perpetuity.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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 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.

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, insurance, general office expenses, and occupancy costs, which are allocated based on an estimated square footage usage.

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 2019 and 2018 was \$27,984 and \$629,039, respectively.

m - Subsequent Events

The Organization has evaluated subsequent events through December 3, 2019, the date that the financial statements are considered available to be issued.

n - Prior Year Information

Certain 2018 amounts have been reclassified for comparative purposes.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****o - New Accounting Pronouncement**

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions;” (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; (d) modifying the presentation of underwater endowment funds and related disclosures; and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2018.

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 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2019, and those available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year-End:	
Cash and cash equivalents	\$ 959,025
Unconditional promises to give	1,740,491
Accounts receivable and other assets	1,057,821
Investments	<u>5,304,946</u>
Total Financial Assets	9,062,283
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	(4,608,775)
Plus: Net assets with donor restrictions expected to be met in less than one year	1,355,562
Net assets with donor restrictions - cash reserve funds	(390,000)
Net assets without donor restrictions, subject to board approved appropriation	(3,915,136)
Plus: Amounts appropriated for use within one year	<u>1,000,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$2,503,934</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. The fund consists of contributions received and unconditional promises to give. The net asset balance of the fund at June 30, 2019 and 2018 was \$3,915,136 and \$1,543,670, respectively.

During the year ended June 30, 2019, the Board of Directors appropriated \$1,630,600 from the fund to support the operations of Paul Taylor's American Modern Dance. There were no appropriations during the year ended June 30, 2018.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3 - Net Assets (continued)b - Net Assets With Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Paul Taylor American Modern Dance	\$4,020,995	\$4,970,010
Dance preservation	50,000	100,000
Oral history project	<u>30,562</u>	<u>-</u>
	4,101,557	5,070,010
Subject to passage of time	<u>507,218</u>	<u>273,056</u>
	<u>4,608,775</u>	<u>5,343,066</u>
Perpetual in Nature:		
<u>Cash Reserve:</u>		
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
<u>Dancer Emergency Fund:</u>		
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.	<u>20,000</u>	<u>20,000</u>
	<u>390,000</u>	<u>390,000</u>
Total Net Assets With Donor Restrictions	<u>\$4,998,775</u>	<u>\$5,733,066</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 4 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 546,327	\$ 823,011
One to six years	<u>1,328,000</u>	<u>1,318,000</u>
	1,874,327	2,141,011
Less: Discount to present value	<u>(133,836)</u>	<u>(129,170)</u>
	<u>\$1,740,491</u>	<u>\$2,011,841</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. The total of these conditional pledges, approximately \$851,000, have not been recorded within the financial statements of the Organization.

Note 5 - Investments

Investments at June 30, 2019 and 2018, all of which are Level 1 within the fair value hierarchy, are reflected at fair value and consist of the following as:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 9,807	\$ 9,807	\$ -	\$ -
US Treasury Securities	5,251,299	5,295,139	2,500,000	2,505,632
Certificate of deposit	<u>-</u>	<u>-</u>	<u>1,014,224</u>	<u>1,014,224</u>
	<u>\$5,261,106</u>	<u>\$5,304,946</u>	<u>\$3,514,224</u>	<u>\$3,519,856</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5 - Investments (continued)

Net investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 82,858	\$44,967
Realized gain on investments	6,011	13,791
Unrealized gain (loss) on investments	38,208	(4,359)
Investment fees	<u>(12,688)</u>	<u>(492)</u>
	<u>\$114,389</u>	<u>\$53,907</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Leasehold improvements	Life of lease	\$2,706,657	\$2,636,051
Cooperative apartments	27.5 years	2,046,000	2,046,000
Equipment	5 years	149,279	132,456
Furniture	7 years	73,519	93,010
Lease acquisition costs	Life of lease	24,150	24,150
Costumes and sets	3-10 years	<u>391,140</u>	<u>684,868</u>
		5,390,745	5,616,535
Less: Accumulated depreciation		<u>(2,581,002)</u>	<u>(2,560,569)</u>
Total		<u>\$2,809,743</u>	<u>\$3,055,966</u>

\$980,000 from the future disposition of the apartment is designated to support the Paul Taylor American Modern Dance (Note 3b).

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.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 8 - Commitments and Contingency

- a - The Organization entered into a lease in 2009 expiring February 29, 2024 for studio and office space. 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.

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

<u>Year Ending June 30,</u>	
2020	\$397,442
2021	401,286
2022	416,245
2023	432,895
Thereafter, through February 29, 2024	296,191

Rent expense for the years ended June 30, 2019 and 2018 was \$338,664 and \$361,980, 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. In consideration for the licenses, the Organization paid the Director annual licensing and royalty fees subject to annual increases of 3%. The Organization also provided an annual salary, medical coverage, transportation and a residence for the Director from the date of the agreement through the date of 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 during the year ended June 30, 2019.

- c - The Organization has entered into employment agreements with two officers of the Organization that have a term of three years each. 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.
- d - Government supported projects are subject to audit by the applicable granting agency.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2019 AND 2018****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 - Contribution income from two donors approximated 68% and 64% of total contribution income during the years ended June 30, 2019 and 2018, respectively.

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 \$49,001 and \$15,041 to the plan for the years ended June 30, 2019 and 2018, respectively.