

PAUL TAYLOR DANCE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



LUTZ AND GARR

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, 2020 and 2019, 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, 2020 and 2019, 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 9d 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.

Lutz + Carr, LLP

New York, New York
December 4, 2020

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 10a)	\$1,568,704	\$ 959,025
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	286,870	305,751
Without donor restrictions - board designated reserve	965,800	1,000,839
With donor restrictions	642,800	433,901
Accounts and other receivables	35,390	77,821
Prepaid expenses and other current assets	49,799	479,512
Investments (Notes 1d and 5)	3,544,611	5,304,946
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	1,754,164	2,809,743
Security deposits	72,950	77,950
	<u> </u>	<u> </u>
Total Assets	<u>\$8,921,088</u>	<u>\$11,449,488</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 113,410	\$ 248,038
Deferred income (Note 1f)	-	92,652
Deferred rent (Note 1g)	278,514	317,796
Refundable advances (Note 7)	17,000	164,225
Loan payable (Note 8)	738,000	-
Total Liabilities	<u>1,146,924</u>	<u>822,711</u>
Commitments and Contingencies (Notes 9 and 11)		
Net Assets		
Without Donor Restrictions (Note 3a)	<u>4,603,757</u>	<u>5,628,002</u>
With Donor Restrictions (Note 3b)		
Time and purpose restrictions	2,780,407	4,608,775
Perpetual in nature	390,000	390,000
Total With Donor Restrictions	<u>3,170,407</u>	<u>4,998,775</u>
Total Net Assets	<u>7,774,164</u>	<u>10,626,777</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$8,921,088</u>	<u>\$11,449,488</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 466,950	\$ 649,746
Box office income	737,910	-
Contributions (Notes 1c and 10b)	2,387,607	3,772,577
Benefit income	747,851	-
Costs of direct benefits to donors	(229,171)	-
Tuition and registration fees	293,617	342,651
Rental income	27,891	42,317
Investment income (Note 5)	3,813	26,124
Licensing and other fees	160,500	73,370
Miscellaneous	65,808	2,446
Gain on sale of property (Note 6)	818,724	-
	<u>5,481,500</u>	<u>4,909,231</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	2,335,562	1,133,690
Appropriations from board designated reserve	1,000,000	1,630,600
	<u>3,335,562</u>	<u>2,764,290</u>
Total Revenue, Gains and Other Support from Operating Activities	<u>8,817,062</u>	<u>7,673,521</u>
Expenses (Note 1a)		
Program Services		
Performances - Tours	2,393,488	2,756,365
Performances - New York Season	3,333,704	-
New works and PTAMD	384,854	1,313,242
Repertory preservation	150,847	279,290
School	716,012	628,668
Licensing and other projects	311,456	630,960
Total Program Services	<u>7,290,361</u>	<u>5,608,525</u>
Supporting Services		
Management and general	721,569	1,056,239
Fundraising	784,118	1,006,224
Total Supporting Services	<u>1,505,687</u>	<u>2,062,463</u>
Total Expenses	<u>8,796,048</u>	<u>7,670,988</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (carried forward)	<u>21,014</u>	<u>2,533</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (brought forward)	\$ 21,014	\$ 2,533
Non-Operating Activities		
Contributions for board designated reserve (Notes 1c and 10b)	259,961	3,964,786
Investment income (Note 5)	21,207	37,280
Appropriations from board designated reserve	(1,000,000)	(1,630,600)
Depreciation expense	(365,709)	(409,158)
Deferred rent credit	39,282	24,480
Total Non-Operating Activities	<u>(1,045,259)</u>	<u>1,986,788</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(1,024,245)</u>	<u>1,989,321</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1c and 10b)	500,486	348,414
Investment income (Note 5)	33,391	50,985
Write off of uncollectible pledge	(26,683)	-
Net assets released from restrictions	<u>(2,335,562)</u>	<u>(1,133,690)</u>
Decrease in Net Assets With Donor Restrictions	<u>(1,828,368)</u>	<u>(734,291)</u>
Increase (decrease) in net assets	(2,852,613)	1,255,030
Net assets, beginning of year	<u>10,626,777</u>	<u>9,371,747</u>
Net Assets, End of Year	<u>\$ 7,774,164</u>	<u>\$10,626,777</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services								Supporting Services			2020	2019	
	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
	Tours		Total											
	PTDC	Taylor 2												
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	\$4,186,625
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	947,952
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	678,592
Advertising and publicity	1,113	259	1,372	619,892	1,556	-	4,527	519	627,866	776	2,778	3,554	631,420	38,539
Per diems and tours	200,315	18,289	218,604	18,469	-	-	1,311	2,442	240,826	-	1,689	1,689	242,515	419,293
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	313,268
Professional fees	-	7,995	7,995	3,130	-	-	500	28,000	39,625	143,229	118,988	262,217	301,842	250,723
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	60,245
Artist fees	2,800	700	3,500	121,820	56,500	-	-	11,616	193,436	2,100	4,400	6,500	199,936	78,682
Scholarships	-	-	-	-	-	-	32,045	-	32,045	-	-	-	32,045	50,663
Office expenses	1,317	193	1,510	13,013	-	-	5,586	227	20,336	18,085	18,461	36,546	56,882	62,266
Costumes and scenery	693	129	822	21,567	7,457	-	41	-	29,887	-	50	50	29,937	32,732
Production expenses	3,029	85	3,114	21,928	2,220	-	547	34,343	62,152	234	-	234	62,386	95,147
Music	119	-	119	597,760	147	-	-	-	598,026	-	2,000	2,000	600,026	71,018
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	244,597
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	80,372
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	26,922
Bad debt expense	-	-	-	-	-	-	-	-	-	-	164	164	164	27,961
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	469	-	469	469	5,391
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	7,670,988
Depreciation 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	409,158
Deferred rent credit	-	-	-	-	-	-	-	-	-	(39,282)	-	(39,282)	(39,282)	(24,480)
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>	
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>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	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	Tours Taylor 2	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
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
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
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
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
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
Professional fees	1,125	14,843	15,968	-	2,800	-	32,000	-	50,768	143,903	56,052	199,955	250,723
Insurance	11,899	6,544	18,443	-	5,950	2,975	11,899	6,700	45,967	13,683	595	14,278	60,245
Artist fees	-	-	-	-	57,525	-	551	19,640	77,716	16	950	966	78,682
Scholarships	-	-	-	-	-	-	50,663	-	50,663	-	-	-	50,663
Office expenses	4,146	829	4,975	-	242	416	7,018	9,522	22,173	24,651	15,442	40,093	62,266
Costumes and scenery	15,260	921	16,181	-	15,652	-	899	-	32,732	-	-	-	32,732
Production expenses	16,505	779	17,284	-	-	9,448	717	62,164	89,613	88	5,446	5,534	95,147
Music	2,183	-	2,183	-	7,778	-	-	61,057	71,018	-	-	-	71,018
Entertainment and reception	47,840	1,018	48,858	-	5,900	-	140	72,379	127,277	14,446	102,874	117,320	244,597
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
Telephone	5,021	2,820	7,841	-	8,336	-	4,764	2,397	23,338	2,381	1,203	3,584	26,922
Bad debt expense	-	-	-	-	-	-	-	-	-	25,543	2,418	27,961	27,961
Miscellaneous expenses	-	-	-	-	-	-	-	519	519	4,872	-	4,872	5,391
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
Depreciation expense	40,916	40,916	81,832	-	143,205	-	81,832	40,916	347,785	40,915	20,458	61,373	409,158
Deferred rent credit	-	-	-	-	-	-	-	-	-	(24,480)	-	(24,480)	(24,480)
Total Expenses	<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>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (2,852,613)	\$ 1,255,030
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Bad debt expense	164	27,961
Write off of uncollectible pledge	26,683	-
Depreciation	365,709	409,158
Realized gain on investments	(33,854)	(6,011)
Unrealized (gain) loss on investments	29,695	(38,208)
Gain on sale of property	(818,724)	-
Deferred rent credit	(39,282)	(24,480)
Cash received for board designated reserve	(315,577)	(3,975,900)
(Increase) decrease in:		
Unconditional promises to give	(181,662)	271,187
Accounts and other receivables	27,426	(20,575)
Touring fees receivable	14,841	43,234
Prepaid expenses and other current assets	429,713	(365,843)
Security deposits	5,000	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(134,628)	118,040
Deferred income	(92,652)	(16,685)
Refundable advances	(147,225)	164,225
Net Cash Used By Operating Activities	<u>(3,716,986)</u>	<u>(2,158,867)</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(73,676)	(162,935)
Proceeds from sale of property	1,582,270	-
Proceeds from sale of investments	6,930,839	13,790,873
Purchase of investments	(5,166,345)	(15,531,744)
Net Cash Provided (Used) By Investing Activities	<u>3,273,088</u>	<u>(1,903,806)</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	315,577	3,975,900
Proceeds from loan payable	738,000	-
Net Cash Provided By Financing Activities	<u>1,053,577</u>	<u>3,975,900</u>
Net increase (decrease) in cash and cash equivalents	609,679	(86,773)
Cash and cash equivalents, beginning of year	<u>959,025</u>	<u>1,045,798</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,568,704</u>	<u>\$ 959,025</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****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.

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.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****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.

Generally accepted accounting principles 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 - 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 9a). 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.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Financial Statement Presentation (continued)****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.

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, 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 2020 and 2019 was \$576,492 and \$27,984, respectively.

m - Subsequent Events

The Organization has evaluated subsequent events through December 4, 2020, the date that the financial statements are considered available to be issued.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - New Accounting Pronouncement**

During 2020, the Organization adopted Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves the current guidance about whether a transfer of assets is a contribution or exchange transaction. In addition, the update requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a measurable, performance-related barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The amendments in the ASU were applied on a modified retrospective basis. The adoption of this ASU resulted in no significant changes in the way the Organization recognizes revenue.

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, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2020 and 2019, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$1,568,704	\$ 959,025
Unconditional promises to give	1,895,470	1,740,491
Accounts receivable and other assets	35,390	1,057,821
Investments	<u>3,544,611</u>	<u>5,304,946</u>
Total Financial Assets	7,044,175	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	(2,780,207)	(4,608,775)
Plus: Net assets with donor restrictions expected to be met in less than one year	1,614,904	1,355,562
Net assets with donor restrictions - cash reserve funds	(390,000)	(390,000)
Net assets without donor restrictions, subject to board approved appropriation	(3,196,304)	(3,915,136)
Plus: Amounts appropriated for use within one year	<u>1,000,000</u>	<u>1,000,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$3,292,568</u>	<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, 2020 and 2019 was \$3,196,304 and \$3,915,136, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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

During the years ended June 30, 2020 and 2019, the Board of Directors appropriated \$1,000,000 and \$1,630,600, respectively, from the fund to support the operations of Paul Taylor's American Modern Dance.

b - Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Paul Taylor American Modern Dance	\$2,047,703	\$4,020,995
New works	289,904	-
Touring and NY Season	180,000	-
Dance preservation	20,000	50,000
Oral history project	-	30,562
	<u>2,537,607</u>	<u>4,101,557</u>
Subject to passage of time	<u>242,800</u>	<u>507,218</u>
	<u>2,780,407</u>	<u>4,608,775</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>\$3,170,407</u>	<u>\$4,998,775</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 4 - Promises to Givea - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 960,070	\$ 546,327
One to seven years	<u>1,039,000</u>	<u>1,328,000</u>
	1,999,070	1,874,327
Less: Discount to present value	<u>(103,600)</u>	<u>(133,836)</u>
	<u>\$1,895,470</u>	<u>\$1,740,491</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, 2020 contributions approximating \$751,000 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, 2020 and 2019, all of which are Level 1 within the fair value hierarchy, are reflected at fair value and consist of the following as:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$1,245,187	\$1,245,187	\$ 9,807	\$ 9,807
US Treasury Securities	<u>2,285,279</u>	<u>2,299,424</u>	<u>5,251,299</u>	<u>5,295,139</u>
	<u>\$3,530,466</u>	<u>\$3,544,611</u>	<u>\$5,261,106</u>	<u>\$5,304,946</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 5 - Investments (continued)

Net investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$66,094	\$ 82,858
Realized gain on investments	33,854	6,011
Unrealized gain (loss) on investments	(29,695)	38,208
Investment fees	<u>(11,842)</u>	<u>(12,688)</u>
	<u>\$58,411</u>	<u>\$114,389</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Leasehold improvements	Life of lease	\$2,613,342	\$2,706,657
Cooperative apartments	27.5 years	958,000	2,046,000
Equipment	5 years	149,279	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>391,140</u>
		4,109,747	5,390,745
Less: Accumulated depreciation		<u>(2,355,583)</u>	<u>(2,581,002)</u>
Total		<u>\$1,754,164</u>	<u>\$2,809,743</u>

During the year ended June 30, 2020, the Organization sold one of its cooperative apartments for \$1,582,270 and recognized a gain on sale of \$818,724.

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, 2020 AND 2019

Note 8 - Loan Payable

On April 21, 2020, the Organization received a loan totaling \$738,000 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on April 21, 2022, and may be forgiven if the Organization meets certain employee retention requirements and the funds are used for eligible expenses.

Note 9 - 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 Organization is currently negotiating with the landlord to extend the agreement.

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>	
2021	\$329,555
2022	370,912
2023	414,895
Thereafter, through February 29, 2024	284,191

Rent expense for the years ended June 30, 2020 and 2019 was \$343,569 and \$338,664, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 9 - Commitments and Contingencies (continued)**

- 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 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 - 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. Management continues to evaluate the potential impact that the resulting economic uncertainties will have on the Organization's operations. As a national organization, even as states begin to reopen in phases, the Organization was not able to safely return to the Dance Company's touring activities. Locally, 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 has applied for COVID-19 relief funds through various institutional and individual funding sources to offset anticipated losses, and in April 2020 the Organization received a Paycheck Protection Program loan through the federal CARES Act. In June 2020, a comprehensive plan for the Organization's fiscal year 2020-21 was designed by management and approved by the Board of Directors, which included layoffs, significant salary reductions, and no live programming through the fall of 2020 and possibly into the spring of 2021. Management and the Board of Directors are confident that a combination of cost-cutting measures and sufficient reserve funds will allow the Organization to operate through fiscal 2021, and beyond.
- e - Government supported projects are subject to audit by the applicable granting agency.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020 AND 2019****Note 10 - 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 four donors approximate 35% of total contribution income during the year ended June 30, 2020. Contributions from two donors approximated 68% of total contribution income during the year ended June 30, 2019.

Note 11 - 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 \$23,716 and \$49,001 to the plan for the years ended June 30, 2020 and 2019, respectively.