

PAUL TAYLOR DANCE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



LOTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Paul Taylor Dance Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Paul Taylor Dance Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Paul Taylor Dance Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paul Taylor Dance Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

New York, New York
December 6, 2022

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 543,422	\$ 1,356,505
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	400,490	360,618
Without donor restrictions - board designated reserve	940,800	949,800
With donor restrictions	754,200	224,075
Accounts and other receivables	126,593	157,992
Prepaid expenses and other current assets	117,195	30,209
Investments (Notes 1d and 5)	8,582,524	8,975,774
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 6)	1,455,310	665,751
Security deposits	92,950	92,950
	<u> </u>	<u> </u>
Total Assets	<u><u>\$13,013,484</u></u>	<u><u>\$12,813,674</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 116,761	\$ 130,121
Deferred income (Note 1f)	61,700	29,110
Deferred rent (Note 1g)	139,493	174,649
Refundable advances (Note 7)	5,000	105,000
Loans payable (Note 8)	-	862,500
Total Liabilities	<u>322,954</u>	<u>1,301,380</u>
Commitments and Contingencies (Notes 10 and 11)		
Net Assets		
Without Donor Restrictions (Note 3a)	<u>9,288,860</u>	<u>8,692,493</u>
With Donor Restrictions (Note 3b)		
Time and purpose restrictions	3,011,670	2,429,801
Perpetual in nature	390,000	390,000
Total With Donor Restrictions	<u>3,401,670</u>	<u>2,819,801</u>
Total Net Assets	<u>12,690,530</u>	<u>11,512,294</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$13,013,484</u></u>	<u><u>\$12,813,674</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 352,400	\$ 111,250
Box office income	117,845	-
Contributions (Notes 1c and 9b)	2,902,116	2,147,595
Loan forgiveness - Paycheck Protection Program (Note 8)	862,500	738,000
Benefit income	1,147,846	1,111,429
Costs of direct benefits to donors	(93,350)	(66,802)
Tuition and registration fees	213,513	112,770
Rental income	23,972	14,152
Investment income (Note 5)	1,159	4,196
Licensing and other fees	136,757	128,872
Miscellaneous	30,554	4,033
Loss on sale of property (Note 6)	-	(69,664)
	<u>5,695,312</u>	<u>4,235,831</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	211,479	400,925
Appropriations from board designated reserve (Note 3a)	220,000	-
	<u>431,479</u>	<u>400,925</u>
 Total Revenue, Gains and Other Support from Operating Activities	 <u>6,126,791</u>	 <u>4,636,756</u>
Expenses (Note 1a)		
Program Services		
Performances - Tours	1,176,971	973,796
Performances - New York Season	911,112	-
New works and PTAMD	1,115,833	881,377
Repertory preservation	149,929	194,890
School	638,331	616,712
Licensing and other projects	117,622	124,881
Total Program Services	<u>4,109,798</u>	<u>2,791,656</u>
Supporting Services		
Management and general	1,019,523	787,009
Fundraising	968,888	722,763
Total Supporting Services	<u>1,988,411</u>	<u>1,509,772</u>
 Total Expenses	 <u>6,098,209</u>	 <u>4,301,428</u>
 Increase in Net Assets Without Donor Restrictions from Operating Activities (carried forward)	 <u>28,582</u>	 <u>335,328</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (brought forward)	\$ 28,582	\$ 335,328
Non-Operating Activities		
Contributions for board designated reserve (Notes 1c, 3a, 6 and 9b)	1,560,000	3,784,579
Write off of uncollectible pledge	(10,000)	-
Investment income (loss) (Note 5)	(517,862)	144,945
Appropriations from board designated reserve (Note 3a)	(220,000)	-
Depreciation and amortization expense	(279,509)	(279,981)
Deferred rent credit	35,156	103,865
Total Non-Operating Activities	<u>567,785</u>	<u>3,753,408</u>
Increase in Net Assets Without Donor Restrictions Restrictions	<u>596,367</u>	<u>4,088,736</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1c and 9b)	949,082	7,200
Investment income (loss) (Note 5)	(155,734)	43,119
Net assets released from restrictions	(211,479)	(400,925)
Increase (Decrease) in Net Assets With Donor Restrictions	<u>581,869</u>	<u>(350,606)</u>
Increase in net assets	1,178,236	3,738,130
Net assets, beginning of year	<u>11,512,294</u>	<u>7,774,164</u>
Net Assets, End of Year	<u><u>\$12,690,530</u></u>	<u><u>\$11,512,294</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	Program Services							Supporting Services			2022	2021
	Performances		New Works and PTAMD	Repertory Preservation	School	Licensing and Other Programs	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
	PTDC Tours	New York Season										
Salaries and fees	\$ 600,547	\$ 308,249	\$ 657,906	\$ 23,729	\$304,841	\$ 83,085	\$1,978,357	\$ 449,894	\$ 402,776	\$ 852,670	\$2,831,027	\$2,259,286
Payroll taxes and fringe benefits	137,180	67,587	160,879	4,320	73,818	15,758	459,542	81,912	97,337	179,249	638,791	564,769
Occupancy expenses	61,048	120,569	126,842	74,985	160,095	2,599	546,138	118,336	60,767	179,103	725,241	573,110
Advertising and publicity	1,189	18,311	490	245	490	245	20,970	1,505	15,528	17,033	38,003	29,347
Per diems and tours	166,517	4,415	5,207	-	1,908	315	178,362	1,350	7,543	8,893	187,255	94,294
Transportation and travel	139,852	8,112	11,228	-	1,614	2,774	163,580	3,952	9,814	13,766	177,346	56,383
Professional fees	8,940	54,685	20,549	42,565	9,970	4,965	141,674	261,133	15,902	277,035	418,709	462,974
Insurance	6,899	9,679	1,210	1,210	9,679	3,710	32,387	19,358	1,210	20,568	52,955	36,282
Artist fees	150	200	90,375	-	-	500	91,225	-	-	-	91,225	32,786
Scholarships	-	-	-	-	39,410	-	39,410	-	-	-	39,410	28,180
Office expenses	5,152	5,943	-	-	5,387	1,347	17,829	60,330	18,241	78,571	96,400	62,596
Costumes and scenery	4,046	4,156	25,674	-	-	-	33,876	-	837	837	34,713	19,131
Production expenses	25,060	8,742	2,301	294	-	-	36,397	924	249,585	250,509	286,906	19,477
Music	5,146	225,925	782	-	140	2,065	234,058	-	-	-	234,058	23
Entertainment and reception	11,834	68,829	6,076	-	23,043	258	110,040	10,612	70,765	81,377	191,417	22,265
Postage, printing and mailing	1,624	4,103	2,874	974	3,918	1	13,494	1,949	18,129	20,078	33,572	13,999
Telephone	1,787	1,607	3,215	1,607	4,018	-	12,234	3,215	454	3,669	15,903	19,902
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	3,711
Miscellaneous expenses	-	-	225	-	-	-	225	5,053	-	5,053	5,278	2,913
Total Expenses Before Items Below	1,176,971	911,112	1,115,833	149,929	638,331	117,622	4,109,798	1,019,523	968,888	1,988,411	6,098,209	4,301,428
Depreciation and amortization expense	27,951	27,951	55,902	27,951	69,877	-	209,632	55,902	13,975	69,877	279,509	279,981
Deferred rent credit	-	-	-	-	-	-	-	(35,156)	-	(35,156)	(35,156)	(103,865)
Write-off of board designated reserve pledges	-	-	-	-	-	-	-	10,000	-	10,000	10,000	-
Total Expenses, 2022	<u>\$1,204,922</u>	<u>\$ 939,063</u>	<u>\$1,171,735</u>	<u>\$ 177,880</u>	<u>\$708,208</u>	<u>\$117,622</u>	<u>\$4,319,430</u>	<u>\$ 1,050,269</u>	<u>\$ 982,863</u>	<u>\$2,033,132</u>	<u>\$6,352,562</u>	
Total Expenses, 2021	<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>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

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

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase in net assets	\$1,178,236	\$ 3,738,130
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Bad debt expense	10,000	3,711
Depreciation and amortization	279,509	279,981
Realized (gain) loss on investments	138,869	(8,021)
Unrealized (gain) loss on investments	582,557	(119,575)
Loss on sale of property	-	69,664
Deferred rent credit	(35,156)	(103,865)
Cash received for board designated reserve	(645,000)	(3,800,579)
Loan forgiveness - Paycheck Protection Program	(862,500)	(738,000)
Donated apartment	(925,000)	-
(Increase) decrease in:		
Unconditional promises to give	(570,997)	357,477
Accounts and other receivables	31,399	(122,813)
Prepaid expenses and other current assets	(86,986)	19,590
Security deposits	-	(20,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	(13,360)	16,711
Deferred income	32,590	29,110
Refundable advances	(100,000)	88,000
Net Cash Used By Operating Activities	<u>(985,839)</u>	<u>(310,479)</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(144,068)	(37,802)
Proceeds from sale of property	-	776,570
Proceeds from sale of investments	9,522,298	9,957,414
Purchase of investments	<u>(9,850,474)</u>	<u>(15,260,981)</u>
Net Cash Used By Investing Activities	<u>(472,244)</u>	<u>(4,564,799)</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	645,000	3,800,579
Proceeds from loans payable	-	862,500
Net Cash Provided By Financing Activities	<u>645,000</u>	<u>4,663,079</u>
Net decrease in cash and cash equivalents	(813,083)	(212,199)
Cash and cash equivalents, beginning of year	<u>1,356,505</u>	<u>1,568,704</u>
Cash and Cash Equivalents, End of Year	<u>\$ 543,422</u>	<u>\$ 1,356,505</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Paul Taylor Dance Foundation, Inc. (the "Organization", or the "Foundation") presents annual performances of the Paul Taylor Dance Company in New York, showcasing the work of choreographer Paul Taylor, and works by other choreographers. The Foundation also oversees the Taylor School, the Taylor Archives, and the licensing of Paul Taylor works. 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, school tuition and contributions.

The Organization did not produce a New York City season in fiscal 2020-21, and scaled back its New York performances in fiscal 2021-22 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 in 2020 and reduced to very few engagements in 2021. The school shifted to on-line classes only in 2020 and a reduced schedule of in-person classes in 2021. 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, 2022 AND 2021****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, 2022 AND 2021****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, 2022 AND 2021****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 2022 and 2021 was \$9,508 and \$3,223, respectively.

m - Subsequent Events

The Organization has evaluated subsequent events through December 6, 2022, the date that the financial statements are considered available to be issued.

n - Prior Year Information

For comparability purposes, certain 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2022.

o - Recent Accounting Standard

For 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves transparency of contributed nonfinancial assets through enhancements to presentation and disclosure and requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

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, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2022 and 2021, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 543,422	\$ 1,356,505
Unconditional promises to give	2,095,490	1,534,493
Accounts and other receivables	126,593	157,992
Investments	<u>8,582,524</u>	<u>8,975,774</u>
Total Financial Assets	11,348,029	12,024,764
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specified purposes or passage of time	(3,011,670)	(2,429,801)
Plus: Net assets with donor restrictions expected to be met in less than one year	1,527,382	1,277,979
Net assets with donor restrictions - cash reserve funds	(390,000)	(390,000)
Net assets without donor restrictions, subject to board-approved appropriation	(8,714,536)	(7,902,398)
Plus: Amounts appropriated for use within one year	<u>548,603</u>	<u>556,208</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,307,808</u>	<u>\$ 3,136,752</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, 2022 and 2021 was \$8,714,536 and \$7,902,398, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3 - Net Assets (continued)

a - Net Assets Without Donor Restrictions (continued)

During the year ended June 30, 2022, the fund received \$1,560,000 of new contributions, and sustained investment losses of \$(517,862). The Board of Directors appropriated \$220,000 for operations. During the year ended June 30, 2021, the fund increased 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.

b - Net Assets With Donor Restrictions

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

	2022	2021
Subject to expenditure for specified purpose:		
Paul Taylor American Modern Dance	\$1,935,088	\$2,090,822
New works	749,200	64,904
Touring and NY Season	127,500	150,000
Lighting project	<u>49,882</u>	<u>-</u>
	2,861,670	2,305,726
 Subject to passage of time	 <u>150,000</u>	 <u>124,075</u>
	<u>3,011,670</u>	<u>2,429,801</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.	<u>20,000</u>	<u>20,000</u>
	<u>390,000</u>	<u>390,000</u>
Total Net Assets With Donor Restrictions	<u>\$3,401,670</u>	<u>\$2,819,801</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2022	2021
Less than one year	\$ 735,590	\$ 718,293
One to five years	<u>1,500,000</u>	<u>909,000</u>
	2,235,590	1,627,293
Less: Discount to present value	<u>(140,100)</u>	<u>(92,800)</u>
	<u>\$2,095,490</u>	<u>\$1,534,493</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, 2022 contributions approximating \$851,000 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, 2022 and 2021, all of which are Level 1 within the fair value hierarchy, are reflected at fair value and consist of the following:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 818,734	\$ 818,734	\$ 407,238	\$ 407,238
Municipal bonds	931,933	929,548	4,234,072	4,233,638
Corporate bonds	2,857,070	2,750,500	1,278,711	1,283,812
Foreign bonds	199,619	193,536	-	-
Domestic equity securities	3,006,301	2,703,417	1,647,220	1,737,119
Foreign equity securities	11,218	9,917	273,594	274,659
Mutual funds - equities	1,006,591	976,934	1,001,219	1,039,308
US Treasury Securities	<u>199,895</u>	<u>199,938</u>	<u>-</u>	<u>-</u>
	<u>\$9,031,361</u>	<u>\$8,582,524</u>	<u>\$8,842,054</u>	<u>\$8,975,774</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5 - Investments (continued)

Net investment income (loss) consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 86,544	\$ 80,783
Realized gain (loss) on investments	(138,869)	8,021
Unrealized gain (loss) on investments	(582,557)	119,575
Investment fees	<u>(37,555)</u>	<u>(16,119)</u>
	<u>\$(672,437)</u>	<u>\$192,260</u>
Allocated to:		
Without donor restrictions:		
Operations	\$ 1,159	\$ 4,196
Board designated reserve	(517,862)	144,945
With donor restrictions:		
Purpose related	<u>(155,734)</u>	<u>43,119</u>
	<u>\$(672,437)</u>	<u>\$192,260</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Leasehold improvements	Life of lease	\$2,634,472	\$2,624,272
Cooperative apartments	27.5 years	925,000	-
Equipment	5 years	245,342	175,639
Furniture	7 years	90,019	73,519
Lease acquisition costs	Life of lease	24,150	24,150
Costumes and sets	3-10 years	<u>339,122</u>	<u>291,457</u>
		4,258,105	3,189,037
Less: Accumulated depreciation and amortization		<u>(2,802,795)</u>	<u>(2,523,286)</u>
Total		<u>\$1,455,310</u>	<u>\$665,751</u>

During the year ended June 30, 2022, the Organization received a donated apartment through an estate transfer from the Estate of Paul Taylor. The apartment was valued using the appraised value within the estate documents.

During the year ended June 30, 2021, the Organization sold one of its cooperative apartments for \$776,570 and recognized a loss on sale of \$69,664.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2022 AND 2021****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

In April 2020 and February 2021, the Organization received loans in the amounts of \$738,000 and \$862,500, respectively, under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The loans included provisions for forgiveness if the Organization met certain employee retention requirements and the funds were used for eligible expenses.

In April 2021 and March 2022, the Organization received full forgiveness of its first and second PPP loans, and accordingly recognized loan forgiveness revenue of \$738,000 and \$862,500 in 2021 and 2022, respectively.

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 - During the years ended June 30, 2022 and 2021, contributions from two donors approximated 48% and 42%, respectively, of total contribution income.

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 \$17,505 and \$20,102 to the plan for the years ended June 30, 2022 and 2021, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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:

Year ending June 30, 2023	\$427,495
Thereafter, through February 29, 2024	292,591

Rent expense for the years ended June 30, 2022 and 2021 was \$357,589 and \$248,111, 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 2023 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.
- d - Government supported projects are subject to audit by the applicable granting agency.