

PAUL TAYLOR DANCE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



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, 2023 and 2022, 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, 2023 and 2022, 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, 2023

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 357,099	\$ 543,422
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	362,748	400,490
Without donor restrictions - board designated reserve	19,000	940,800
With donor restrictions	599,500	754,200
Accounts and other receivables	61,001	126,593
Prepaid expenses and other current assets	114,170	117,195
Investments (Notes 1d and 5)	6,976,507	8,582,524
Operating right-of-use asset (Notes 1e and 1n)	229,146	-
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 6)	1,336,670	1,455,310
Security deposits	92,950	92,950
	<u> </u>	<u> </u>
Total Assets	<u><u>\$10,148,791</u></u>	<u><u>\$13,013,484</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 99,160	\$ 116,761
Deferred income (Note 1g)	115,798	61,700
Deferred rent (Note 1e)	-	139,493
Refundable advances (Note 7)	5,000	5,000
Operating lease liability (Notes 1e, 1n and 8)	395,476	-
Total Liabilities	<u>615,434</u>	<u>322,954</u>
Commitments and Contingencies (Notes 12 and 13)		
Net Assets		
Without Donor Restrictions (Note 3a)	<u>7,645,286</u>	<u>9,288,860</u>
With Donor Restrictions (Note 3b)		
Time and purpose restrictions	1,718,071	3,011,670
Perpetual in nature	170,000	390,000
Total With Donor Restrictions	<u>1,888,071</u>	<u>3,401,670</u>
Total Net Assets	<u>9,533,357</u>	<u>12,690,530</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$10,148,791</u></u>	<u><u>\$13,013,484</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenue, Gains and Other Support		
Performance fees - Tours	\$ 699,563	\$ 352,400
Box office income	624,966	117,845
Contributions (Notes 1c, 9b and 11)	2,832,753	2,902,116
Loan forgiveness - Paycheck Protection Program (Note 10)	-	862,500
Benefit income	1,257,115	1,147,846
Costs of direct benefits to donors	(340,950)	(93,350)
Tuition and registration fees	319,721	213,513
Rental income	48,339	23,972
Investment income (Note 5)	505	1,159
Licensing and other fees	91,242	136,757
Miscellaneous	10,764	30,554
	<u>5,544,018</u>	<u>5,695,312</u>
Net assets released from restrictions and appropriations		
Satisfaction of time and program restrictions	1,697,500	211,479
Appropriations from board designated reserve (Note 3a)	1,147,000	220,000
	<u>2,844,500</u>	<u>431,479</u>
Total Revenue, Gains and Other Support from Operating Activities	<u>8,388,518</u>	<u>6,126,791</u>
Expenses		
Program Services		
Performances - Tours	1,740,292	1,176,971
Performances - New York Season	2,517,847	911,112
New works and PTAMD	1,019,739	1,115,833
Repertory preservation	150,194	149,929
School	816,696	638,331
Licensing and other projects	148,662	117,622
Total Program Services	<u>6,393,430</u>	<u>4,109,798</u>
Supporting Services		
Management and general	1,178,894	1,019,523
Fundraising	814,204	968,888
Total Supporting Services	<u>1,993,098</u>	<u>1,988,411</u>
Total Expenses	<u>8,386,528</u>	<u>6,098,209</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (carried forward)	<u>1,990</u>	<u>28,582</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Increase in Net Assets Without Donor Restrictions from Operating Activities (brought forward)	\$ 1,990	\$ 28,582
Non-Operating Activities		
Contributions for board designated reserve (Notes 1c, 3a, 6 and 9b)	343,992	1,560,000
Write-off of uncollectible pledge	(921,800)	(10,000)
Investment income (loss) (Note 5)	385,866	(517,862)
Appropriations from board designated reserve (Note 3a)	(1,147,000)	(220,000)
Depreciation and amortization expense	(306,622)	(279,509)
Deferred rent credit	-	35,156
Total Non-Operating Activities	<u>(1,645,564)</u>	<u>567,785</u>
 Increase (Decrease) in Net Assets Without Donor Restrictions	 <u>(1,643,574)</u>	 <u>596,367</u>
 Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1c and 9b)	72,630	949,082
Investment income (loss) (Note 5)	111,271	(155,734)
Net assets released from restrictions	(1,697,500)	(211,479)
 Increase (Decrease) in Net Assets With Donor Restrictions	 <u>(1,513,599)</u>	 <u>581,869</u>
 Increase (decrease) in net assets	 (3,157,173)	 1,178,236
Net assets, beginning of year	<u>12,690,530</u>	<u>11,512,294</u>
 Net Assets, End of Year	 <u><u>\$ 9,533,357</u></u>	 <u><u>\$12,690,530</u></u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Program Services							Supporting Services			2023	2022
	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	\$ 764,467	\$ 788,032	\$ 488,875	\$ 24,119	\$424,649	\$ 93,125	\$2,583,267	\$ 599,980	\$ 441,462	\$1,041,442	\$3,624,709	\$2,831,027
Payroll taxes and fringe benefits	167,047	374,818	110,169	4,031	97,878	19,670	773,613	99,552	109,630	209,182	982,795	638,791
Occupancy expenses	58,951	231,235	170,940	78,491	155,932	119	695,668	115,733	61,916	177,649	873,317	725,241
Advertising and publicity	100	265,010	199	100	4,027	100	269,536	289	10,023	10,312	279,848	38,003
Per diems and tours	315,973	20,993	5,421	-	334	600	343,321	-	7,443	7,443	350,764	187,255
Transportation and travel	283,784	25,943	16,653	-	592	1,057	328,029	4,355	10,847	15,202	343,231	177,346
Professional fees	54,560	66,434	83,902	38,208	8,652	4,326	256,082	273,028	14,640	287,668	543,750	418,709
Insurance	6,236	13,972	1,559	1,559	12,472	1,559	37,357	24,946	1,559	26,505	63,862	52,955
Artist fees	10,866	27,598	85,230	-	250	18,247	142,191	-	1,850	1,850	144,041	91,225
Scholarships	-	-	-	-	45,220	-	45,220	-	-	-	45,220	39,410
Office expenses	1,801	23,068	1,657	1,530	6,438	2,760	37,254	29,741	29,161	58,902	96,156	96,400
Costumes and scenery	13,174	19,842	10,087	-	378	18	43,499	2,589	459	3,048	46,547	34,713
Production expenses	10,282	62,366	12,979	-	-	5,077	90,704	2,367	18,523	20,890	111,594	286,906
Music	18,475	463,245	22,588	-	-	-	504,308	140	-	140	504,448	234,058
Entertainment and reception	30,805	84,704	4,925	-	53,200	1,935	175,569	20,379	52,907	73,286	248,855	191,417
Postage, printing and mailing	1,458	48,933	1,248	502	2,540	69	54,750	957	52,882	53,839	108,589	33,572
Telephone	2,263	1,654	3,307	1,654	4,134	-	13,012	3,307	827	4,134	17,146	15,903
Miscellaneous expenses	50	-	-	-	-	-	50	1,531	75	1,606	1,656	5,278
Total Expenses Before Items Below	1,740,292	2,517,847	1,019,739	150,194	816,696	148,662	6,393,430	1,178,894	814,204	1,993,098	8,386,528	6,098,209
Depreciation and amortization expense	30,662	30,662	61,324	30,662	76,655	-	229,965	61,326	15,331	76,657	306,622	279,509
Deferred rent credit	-	-	-	-	-	-	-	-	-	-	-	(35,156)
Write-off of board designated reserve pledges	-	-	-	-	-	-	-	921,800	-	921,800	921,800	10,000
Total Expenses, 2023	<u>\$1,770,954</u>	<u>\$2,548,509</u>	<u>\$1,081,063</u>	<u>\$ 180,856</u>	<u>\$893,351</u>	<u>\$148,662</u>	<u>\$6,623,395</u>	<u>\$ 2,162,020</u>	<u>\$ 829,535</u>	<u>\$2,991,555</u>	<u>\$9,614,950</u>	
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>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services			Total Expenses	
	Performances			Repertory Preservation	School	Licensing and Other Programs	Total	Management and General	Fundraising		Total
	PTDC Tours	New York Season	New Works and PTAMD								
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
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
Occupancy expenses	61,048	120,569	126,842	74,985	160,095	2,599	546,138	118,336	60,767	179,103	725,241
Advertising and publicity	1,189	18,311	490	245	490	245	20,970	1,505	15,528	17,033	38,003
Per diems and tours	166,517	4,415	5,207	-	1,908	315	178,362	1,350	7,543	8,893	187,255
Transportation and travel	139,852	8,112	11,228	-	1,614	2,774	163,580	3,952	9,814	13,766	177,346
Professional fees	8,940	54,685	20,549	42,565	9,970	4,965	141,674	261,133	15,902	277,035	418,709
Insurance	6,899	9,679	1,210	1,210	9,679	3,710	32,387	19,358	1,210	20,568	52,955
Artist fees	150	200	90,375	-	-	500	91,225	-	-	-	91,225
Scholarships	-	-	-	-	39,410	-	39,410	-	-	-	39,410
Office expenses	5,152	5,943	-	-	5,387	1,347	17,829	60,330	18,241	78,571	96,400
Costumes and scenery	4,046	4,156	25,674	-	-	-	33,876	-	837	837	34,713
Production expenses	25,060	8,742	2,301	294	-	-	36,397	924	249,585	250,509	286,906
Music	5,146	225,925	782	-	140	2,065	234,058	-	-	-	234,058
Entertainment and reception	11,834	68,829	6,076	-	23,043	258	110,040	10,612	70,765	81,377	191,417
Postage, printing and mailing	1,624	4,103	2,874	974	3,918	1	13,494	1,949	18,129	20,078	33,572
Telephone	1,787	1,607	3,215	1,607	4,018	-	12,234	3,215	454	3,669	15,903
Miscellaneous expenses	-	-	225	-	-	-	225	5,053	-	5,053	5,278
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
Depreciation and amortization expense	27,951	27,951	55,902	27,951	69,877	-	209,632	55,902	13,975	69,877	279,509
Deferred rent credit	-	-	-	-	-	-	-	(35,156)	-	(35,156)	(35,156)
Write-off of board designated reserve pledges	-	-	-	-	-	-	-	10,000	-	10,000	10,000
Total Expenses	<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>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(3,157,173)	\$1,178,236
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Non-cash operating lease expense	333,702	-
Bad debt expense	921,800	10,000
Depreciation and amortization	306,622	279,509
Realized loss on investments	275,536	138,869
Unrealized (gain) loss on investments	(704,991)	582,557
Deferred rent credit	-	(35,156)
Cash received for board designated reserve	(343,992)	(645,000)
Loan forgiveness - Paycheck Protection Program	-	(862,500)
Donated apartment	-	(925,000)
(Increase) decrease in:		
Unconditional promises to give	192,442	(570,997)
Accounts and other receivables	65,592	31,399
Prepaid expenses and other current assets	3,025	(86,986)
Increase (decrease) in:		
Accounts payable and accrued expenses	(17,601)	(13,360)
Deferred income	54,098	32,590
Operating lease liability	(306,865)	-
Refundable advances	-	(100,000)
Net Cash Used By Operating Activities	<u>(2,377,805)</u>	<u>(985,839)</u>
Cash Flows From Investing Activities		
Payments for property and equipment	(187,982)	(144,068)
Proceeds from sale of investments	9,391,647	9,522,298
Purchase of investments	(7,356,175)	(9,850,474)
Net Cash Provided (Used) By Investing Activities	<u>1,847,490</u>	<u>(472,244)</u>
Cash Flows From Financing Activities		
Cash received for board designated reserve	<u>343,992</u>	<u>645,000</u>
Net decrease in cash and cash equivalents	(186,323)	(813,083)
Cash and cash equivalents, beginning of year	<u>543,422</u>	<u>1,356,505</u>
Cash and Cash Equivalents, End of Year	<u>\$ 357,099</u>	<u>\$ 543,422</u>
Supplemental disclosure of non-cash investing activities:		
Operating lease right-of-use asset obtained in exchange for lease liability	<u>\$ 562,848</u>	<u>\$ -</u>

See notes to financial statements.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023 AND 2022****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.

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.

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, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments (continued)**

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 - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments as of July 1, 2022. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, prepayments, deferred rent liability and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

For 2022, rent expense is recorded on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

f - 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.

g - 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 are 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.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Revenue Recognition (continued)**

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.

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 - 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.

j - 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 2023 and 2022 was \$240,603 and \$9,508, respectively.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023 AND 2022****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****k - 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.

l - 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.

m - Subsequent Events

The Organization has evaluated subsequent events through December 6, 2023, the date that the financial statements are considered available to be issued.

n - New Accounting Standard

During 2023, the Organization adopted FASB ASU 2016-02, *Leases* ("Topic 842"). The core principles of ASU 2016-02 change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2023 are presented under Topic 842, while results for 2022 continue to be reported in accordance with historical accounting practices. The adoption of Topic 842 did not have a significant impact on the Organization's net assets as of July 1, 2022.

As part of the adoption of Topic 842, the Organization elected to apply the modified retrospective transition approach as of the date of initial application, without restating comparative period financial statements, to use a risk-free rate, equal to the two-year Treasury Bill rate for the discount of the operating lease and also elected to apply the practical expedients which allows the Organization to not reassess (i) whether any expired or existing contracts are leases or contain leases, (ii) the lease classification for any expired or existing leases, and (iii) initial direct costs for any existing leases.

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.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 2 - Information Regarding Liquidity and Availability (continued)

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.

The Organization's financial assets as of June 30, 2023 and 2022, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 357,099	\$ 543,422
Unconditional promises to give	981,248	2,095,490
Accounts and other receivables	61,001	126,593
Investments	<u>6,976,507</u>	<u>8,582,524</u>
Total Financial Assets	8,375,855	11,348,029
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	(1,718,071)	(3,011,670)
Plus: Net assets with donor restrictions expected to be met in less than one year	1,272,212	1,527,382
Net assets with donor restrictions - cash reserve funds	(170,000)	(390,000)
Net assets without donor restrictions, subject to board-approved appropriation	(7,375,594)	(8,714,536)
Plus: Amounts appropriated for use within one year	<u>982,000</u>	<u>548,603</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,366,402</u>	<u>\$ 1,307,808</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.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022 was \$7,375,594 and \$8,714,536, respectively.

During the year ended June 30, 2023, the fund received \$343,992 of new contributions, wrote off \$921,800 in pledge receivables, and generated investment earnings of \$385,866. The Board of Directors appropriated \$1,147,000 for operations. 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.

b - Net Assets With Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Paul Taylor American Modern Dance	\$1,046,359	\$1,935,088
New works	621,500	749,200
Lighting project	50,212	49,882
Touring and NY Season	-	127,500
	1,718,071	2,861,670
Subject to passage of time	-	150,000
	<u>1,718,071</u>	<u>3,011,670</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. The donor revised the terms of the grant and the funds were released from restriction during the June 30, 2023 year end.	-	220,000
The Rockefeller Brothers Fund for cash reserves to strengthen the Organization's long-term financial viability.	150,000	150,000
<i>Dancer Emergency Fund</i>		
National Endowment for the Arts Challenge Grant and matching contributions. Used to maintain dancers at full salary during protracted recoveries from serious injury or illness or through personal emergencies. Any amounts borrowed from this fund are to be repaid within two years from unrestricted net assets.	20,000	20,000
	<u>170,000</u>	<u>390,000</u>
Total Net Assets With Donor Restrictions	<u>\$1,888,071</u>	<u>\$3,401,670</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 4 - Promises to Givea - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 518,148	\$ 735,590
One to five years	<u>500,000</u>	<u>1,500,000</u>
	1,018,148	2,235,590
Less: Discount to present value	<u>(36,900)</u>	<u>(140,100)</u>
	<u>\$ 981,248</u>	<u>\$2,095,490</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, 2023, contributions approximating \$1,701,000 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, 2023 and 2022, all of which are Level 1 within the fair value hierarchy, are reflected at fair value and consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 53,057	\$ 53,057	\$ 818,734	\$ 818,734
Municipal bonds	-	-	931,933	929,548
Corporate bonds	1,228,854	1,222,383	2,857,070	2,750,500
Foreign bonds	526,200	524,280	199,619	193,536
Preferred stock	153,612	152,308	-	-
Domestic equity securities	2,034,626	2,201,285	3,006,301	2,703,417
Foreign equity securities	46,068	46,842	11,218	9,917
Mutual funds - equities	1,014,934	1,122,513	1,006,591	976,934
US Treasury Securities	<u>1,663,002</u>	<u>1,653,839</u>	<u>199,895</u>	<u>199,938</u>
	<u>\$6,720,353</u>	<u>\$6,976,507</u>	<u>\$9,031,361</u>	<u>\$8,582,524</u>

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 5 - Investments (continued)

Net investment income (loss) consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 99,041	\$ 86,544
Realized loss on investments	(275,536)	(138,869)
Unrealized gain (loss) on investments	704,991	(582,557)
Investment fees	<u>(30,854)</u>	<u>(37,555)</u>
	<u>\$497,642</u>	<u>\$(672,437)</u>
Allocated to:		
Without donor restrictions:		
Operations	\$ 505	\$ 1,159
Board designated reserve	385,866	(517,862)
With donor restrictions:		
Purpose related	<u>111,271</u>	<u>(155,734)</u>
	<u>\$ 497,642</u>	<u>\$(672,437)</u>

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Leasehold improvements	Life of lease	\$2,652,285	\$2,634,472
Cooperative apartment	27.5 years	925,000	925,000
Equipment	5 years	268,141	245,342
Furniture	7 years	90,019	90,019
Lease acquisition costs	Life of lease	24,150	24,150
Costumes and sets	3-10 years	<u>486,492</u>	<u>339,122</u>
		4,446,087	4,258,105
Less: Accumulated depreciation and amortization		<u>(3,109,417)</u>	<u>(2,802,795)</u>
Total		<u>\$1,336,670</u>	<u>\$1,455,310</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.

PAUL TAYLOR DANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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 - Operating Lease Liability

The Organization occupies office space in New York under an operating lease agreement which expires February 29, 2024.

Operating lease costs for the years ended June 30, 2023 and 2022 was \$377,629 and \$357,589, respectively. There were no variable lease costs incurred. As of June 30, 2023, the remaining term of the Organization's operating lease is 8 months, and the discount rate is 2.84%.

Maturities of the Organization's operating lease liability as of June 30, 2023 are as follows:

Through February 29, 2024	\$398,567
Less: Amount attributable to interest	<u>(3,091)</u>
	<u>\$395,476</u>

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 year ended June 30, 2022, contributions from two donors approximated 48% of total contribution income.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023 AND 2022****Note 10 - Loan Forgiveness - Paycheck Protection Program**

In February 2021, the Organization received a loan in the amount of \$862,500 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 March 2022, the Organization received full forgiveness of its PPP loan, and accordingly recognized loan forgiveness revenue of \$862,500 in 2022.

Note 11 - Federal Relief Program - Employee Retention Tax Credits

The Coronavirus Aid, Relief and Economic Security (“CARES”) Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020 and before September 30, 2021. The Organization qualified for credits of \$192,147 and \$154,533 for the years ended June 30, 2023 and 2022, respectively. Accordingly, these amounts have been recognized as contribution income in the accompanying statements.

Note 12 - Retirement Plan

The Organization maintained a 401(k) plan for all eligible employees through a Professional Employer Organization. The Organization provides discretionary matching contributions of up to 2% of an employees’ compensation, with a maximum contribution of \$1,000. The Organization contributed \$19,924 and \$17,505 to the plan for the years ended June 30, 2023 and 2022, respectively.

Note 13 - Commitments and Contingencies

a - 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.

PAUL TAYLOR DANCE FOUNDATION, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2023 AND 2022****Note 13 - Commitments and Contingencies (continued)**

- b - The Organization has entered into employment agreements with two officers of the Organization that have terms expiring in 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.
- c - Government supported projects are subject to audit by the applicable granting agency.