TADA! THEATRE AND DANCE ALLIANCE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

AUGUST 31, 2018

RB | RICH & BANDER

CERTIFIED PUBLIC ACCOUNTANTS

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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
TADA! Theatre and Dance Alliance, Inc.
New York, NY

We have audited the accompanying financial statements of TADA! Theatre and Dance Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TADA! Theatre and Dance Alliance, Inc. as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rich and Bander, LLP

New York, NY
January 25, 2019

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Current assets	
Accounts receivable	$ 1,326
Contributions and grants receivable - current	128,422
Prepaid expenses	29,234
Total current assets	**158,982**
Property and equipment, net of accumulated depreciation	**15,827**
Other assets	
Contributions and grants receivable - noncurrent	102,500
Security deposit	61,400
Total other assets	**163,900**
TOTAL ASSETS	**$ 338,709**

LIABILITIES AND NET ASSETS

Current liabilities	
Cash overdraft	$ 42,177
Accounts payable and accrued expenses	97,446
Lines of credit and loans payable, current portion	90,991
Loans payable from individuals - related parties	233,453
Unrelated business income taxes payable	1,804
Security deposit payable	3,475
Deferred revenue	54,285
Total current liabilities	**523,631**
Long-term liabilities	
Lines of credit and loans payable, noncurrent portion	80,687
Total long-term liabilities	**80,687**
Total liabilities	**604,318**
Net assets	
Unrestricted	(450,609)
Temporarily restricted	185,000
Total net assets	**(265,609)**
TOTAL LIABILITIES AND NET ASSETS	**$ 338,709**

The accompanying notes are an integral part of these financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Grants and contributions			
Individuals	$ 466,095	$ 160,000	$ 626,095
Foundations	119,760	25,000	144,760
Gross special events revenue	171,127	-	171,127
Less: cost of direct benefits to donors	(69,931)	-	(69,931)
Net special events revenue	101,196	-	101,196
Government	79,500	-	79,500
Corporations	57,909	-	57,909
Donated materials and services	37,056	-	37,056
Total grants and contributions	**861,516**	**185,000**	**1,046,516**
Program service revenue			
Tuition and workshop	764,305	-	764,305
Box office	86,176	-	86,176
Theater facility leasing	61,498	-	61,498
Other program income	17,478	-	17,478
Total program service revenue	**929,457**	-	**929,457**
Other income			
Miscellaneous income	9,605	-	9,605
Total other income	**9,605**	-	**9,605**
Net assets released from restrictions	-	-	-
	1,800,578	**185,000**	**1,985,578**
Expenses			
Program services			
Theater	716,081	-	716,081
Education	709,304		709,304
Supporting services			
Management and general	307,326	-	307,326
Fundraising	192,851	-	192,851
	1,925,562	**-**	**1,925,562**
Change in net assets	(124,984)	185,000	60,016
Net assets - beginning of year	(325,625)	-	(325,625)
Net assets - end of year	**$ (450,609)**	**$ 185,000**	**$ (265,609)**

The accompanying notes are an integral part of these financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018

	Program Services					
	Theater	Education	Total Program	Management & General	Fundraising	Total
Salaries and wages	$ 372,216	$ 425,001	$ 797,217	$ 131,173	$ 106,671	$ 1,035,061
Occupancy costs	128,366	131,394	259,760	28,188	14,095	302,043
Payroll taxes and fringe benefits	62,948	71,874	134,822	22,183	18,041	175,046
Professional fees	56,403	13,012	69,415	38,885	-	108,300
Bank and credit card charges	3,329	27,968	31,297	2,664	32,629	66,590
Productions	40,188	-	40,188	-	-	40,188
Supplies	1,442	718	2,160	27,461	265	29,886
Advertising and promotion	7,317	17,072	24,389	220	-	24,609
Equipment - purchase, rental and repair	1,874	-	1,874	17,924	125	19,923
Fundraising expenses	-	-	-	-	15,906	15,906
In-kind lighting lease	15,000	-	15,000	-	-	15,000
Interest expense	-	-	-	14,840	-	14,840
Travel and meals	5,734	5,623	11,357	3,471	-	14,828
Telecommunications	3,743	4,812	8,555	1,069	1,069	10,693
Insurance	6,903	1,479	8,382	986	493	9,861
Depreciation	4,605	4,164	8,769	1,029	-	9,798
Postage	2,613	2,613	5,226	1,428	791	7,445
Fines and penalties	-	-	-	7,279	-	7,279
Payroll processing fees	-	-	-	5,529	-	5,529
Printing and copying	2,435	2,435	4,870	-	482	5,352
Dues, training and publications	400	1,080	1,480	1,193	2,284	4,957
Unrelated business income taxes	-	-	-	1,804	-	1,804
Other expenses	565	59	624	-	-	624
	$ 716,081	**$ 709,304**	**$ 1,425,385**	**$ 307,326**	**$ 192,851**	**$ 1,925,562**

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018

Cash flows from operating activities:	
Change in net assets	$ 60,016
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,798
Forgiveness of related party loans payable included in contributions	(90,000)
(Increase) decrease in operating assets:	
Accounts receivable	1,640
Contributions and grants receivable	(217,051)
Prepaid expenses	(27,578)
Increase (decrease) in operating liabilities:	
Cash overdraft	42,177
Accounts payable and accrued expenses	(65,116)
Unrelated business income taxes payable	1,804
Security deposit payable	3,475
Deferred revenue	54,285
Total adjustments	(286,566)
Net cash used in operating activities	(226,550)
Cash flows from investing activities:	
Purchase of property and equipment	(12,368)
Net cash used in investing activities	(12,368)
Cash flows from financing activities:	
Proceeds from lines of credit and loans payable	110,000
Repaymets of lines of credit and loans payable	(104,458)
Loans from individuals - related parties	225,860
Repayments of loans from individuals - related parties	(13,500)
Net cash provided by financing activities	217,902
Net decrease in cash and cash equivalents	(21,016)
Cash and cash equivalents, beginning of year	21,016
Cash and cash equivalents, end of year	**$ -**
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	$ 14,840
Income taxes	$ -
Noncash investing and financing activities:	
Conversion of related party loans payable to contribution	$ 90,000

The accompanying notes are an integral part of these financial statements.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

TADA! Theatre and Dance Alliance, Inc. ("the Organization") was incorporated in 1985 under the laws of the State of New York. The mission of the Organization is to provide young people from different backgrounds with musical theater programs that inspire them to be creative, learn, and think differently. The Organization maintains a youth theater, a free, year-round youth development program and arts education. The Organization professionally produces off-Broadway original musical productions for family audiences that are performed by children ages 8-18. The Organization also offers musical theater classes, camps and residency programs at local schools and community organizations.

The Organization's programs are as follows:

Theater: Each year, the Organization produces original mainstage musicals that employ professional directors, choreographers and designers to work with a diverse cast of children and teens that are members of the Organization's Resident Youth Ensemble. The Organization maintains children's ticket prices starting at $10 for its shows and offers discounted tickets to schools and other nonprofit organizations.

Resident Youth Ensemble: A free pre-professional training and youth development program composed of approximately 80 kids ages 8-18 from the New York City area. Participation in this year-round program is by audition only and includes free training, field trips, academic assistance, college preparation, transportation subsidies and job training.

Residencies: The Organization's musical theater in-school residencies and after-school programs integrate the arts into the school curriculum through the foundations of musical theater, as well as builds creative thinking skills and self-esteem in youth of all ages. Each year, nearly 25,000 students (grades pre-K-12) and their teachers and/or counselors are trained in or exposed to musical theater and playwriting through the Organization's efforts. The Organization's programs are designed to address the different abilities, strengths, and challenges of all participants and take place during the school day and after school in public, private schools as well as community centers throughout the New York metro area.

Classes and Camps: The Organization offers weekly semester classes and 1-5 day camps on-site and in nearby spaces where students learn playwriting, acting, singing, and dancing skills using songs from original TADA! shows and selections from Broadway musicals as well as co-create and devise original mini musicals scripts for. The Organization's unique model engages students in the power of learning through exploration and enjoyment of the arts. Though staffing varies by program, residencies, classes, and camps feature team-teaching with two professional Teaching Artists (a Director/Choreographer and a Music Director) who model adult collaboration in a way that contemporary students do not always experience in school or often at home. Ensemble-based methods are taught to encourage cooperation and positive, creative expression as students develop their theatrical skills.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization (cont'd)

The Organization's programs are supported primarily by tuition and workshop fees, and by government, foundations, individual, and corporate contributions, as well as special event revenue.

Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization presents its financial statements under the guidelines of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Program service revenues earned but not yet received that are expected to be collected within one year are recorded as accounts receivable at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific receivables.

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions and grants receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization's uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization's policy is to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	Years
Furniture, fixtures and equipment	5-10
Leasehold improvements	Lease term

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributed Materials and Services

The Organization records various types of contributed support, including materials and services. Contributions of tangible and intangible assets are recognized at fair value when received. The Organization recognizes certain services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (this is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the reporting period are recorded as unrestricted contributions.

Foundation and other grant awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions, if any. The unexpended funds are reported as temporarily restricted net assets.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

In-kind contributions are reflected as contributions at their fair value at date of donation and are offset by like amounts included in expenses.

Program service revenue is recognized when earned. Advance payments for classes, and facilities rental starting after the financial statement date are recorded as deferred revenue.

Costs of Direct Benefits to Donors

The costs of the items and services furnished to donors as inducements to attend the Organization's special events are presented as a deduction from gross special events revenue on the statement of activities.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. For the year ended August 31, 2018, advertising and promotion costs were $24,609.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization pays unrelated business income taxes on qualified transportation benefits provided to its employees under a compensation reduction agreement.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended August 31, 2017, 2016, and 2015 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax Status (cont'd)

The Organization has evaluated its current tax positions and has concluded that as of August 31, 2018, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The Organization is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standard update which affects the presentation of financial statements of not-for-profit entities. Among other changes, the update reduces the number of net asset classifications from three to two categories: (1) assets with donor restrictions and (2) those without donor restrictions, expands disclosure requirements for net assets with donor restrictions or board designations, and includes several new reporting requirements related to expenses. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 31, 2017 and in interim periods in annual periods beginning after December 31, 2018. Early application is permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Date of Management's Review

Management has evaluated subsequent events through January 25, 2019, which is the date the financial statements were available to be issued.

2) FAIR VALUE MEASUREMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at August 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

3) ACCOUNTS RECEIVABLE

Accounts receivable represents program service revenue earned but not collected as of the financial statement date. These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

4) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable totaled $230,922 at August 31, 2018. The Organization believes all contributions and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended. Contributions and grants receivable are due as follows:

Amounts expected to be collected in:	
Less than one year	$ 128,422
One to four years	102,500
	$ 230,922

The discount on contributions and grants receivable expected to be collected after more than one year was deemed immaterial by management and thus no discount was recorded.

5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of August 31, 2018. Depreciation expense for the year then ended was $9,797.

Furniture, fixtures and equipment	$ 233,861
Leasehold improvements	29,021
	262,882
Less: accumulated depreciation	247,055
	$ 15,827

6) LINES OF CREDIT AND LOANS PAYABLE

The following is a summary of lines of credit and loans payable at August 31, 2018:

In January 2012, the Organization obtained a credit line of $125,000 from the New York Business Development Corporation (formerly TruFund, Inc.) for working capital. The loan matures on June 30, 2020, and the interest rate is 8% per annum. The loan is collateralized by all assets owned by the Organization and is personally guaranteed by two Board members.	$	98,840
During the year ended August 31, 2018, the Organization received cash flow loans totaling $60,000 from the Alliance of Resident Theaters/New York, Inc. (ART/NY) bearing interest at 3.25% per annum. As of August 31, 2018, the Organization repaid $25,000 of the loans. The remaining balance is due by January 20, 2019.		35,000
The Organization had available a $35,000 unsecured line of credit with City National Bank. Borrowings under this line required interest at the rate of 5.75% per annum.		31,588
During the year ended August 31, 2018, the Organization received $50,000 of short-term non-interest-bearing cash flow loans from the Fund for the City of New York. As of August 31, 2018, the Organization repaid $43,750 of the loans.		6,250
		171,678
Less: current portion of lines of credit and loans payable		(90,991)
Net long-term debt	$	80,687

At August 31, 2018, future maturities of the Organization's lines of credit and loans payable were as follows:

Year ending August 31,		
2019	$	90,991
2020		80,687
Thereafter		-
Total	$	171,678

Interest paid during the year ended August 31, 2018 was $14,840.

The Organization has overdraft privileges with City National Bank of up to $25,000 for cash flow purposes.

7) LOANS FROM INDIVIDUALS – RELATED PARTIES

At August 31, 2018, the Organization was obligated to its board members and officers for various personal loans amounted to $233,453. These loans are unsecured, interest-free, and have no specific repayment terms. During the year ended August 31, 2018, $90,000 of the loans were forgiven by two Board members.

8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2018 are available for the following:

Time restrictions:	
General operating support for fiscal years 2019 -2022	$ 160,000
Purpose restrictions:	
The Resident Youth Ensemble Program	25,000
Total	$ 185,000

9) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, insurance, telecommunications, and occupancy costs, which are allocated on the basis of estimates of time and effort.

10) CITY OF NEW YORK EQUIPMENT PURCHASE

In 2015, the City of New York has paid $75,000 for the purchase of lighting equipment. The Organization recognizes the value of this donation over the 5 year life of the asset.

11) IN-KIND CONTRIBUTIONS

During the year ended August 31, 2018, the Organization received the following in-kind contributions that have been reflected at their fair values in the statement of activities.

Donated goods for special events	$ 22,056
Donated lighting equipment - DCA	15,000
	$ 37,056

The in-kind contributions were offset by amounts recorded in the following expenses:

Costs of direct benefits to donors	$ 22,056
In-kind lighting lease	15,000
Total	$ 37,056

12) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of August 31, 2018, there were no uninsured balances. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

13) EMPLOYEE BENEFIT PLAN

Employees of the Organization participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

14) UNRELATED BUSINESS INCOME TAXES

The Organization is subject to taxes on its unrelated business income. For the year ended August 31, 2018, the Organization was obligated for the following income tax expense in connection with the qualified transportation benefits provided to its employees under a compensation reduction agreement:

Federal	$ 1,804

15) LEASE COMMITMENTS

The Organization leases its office and theater space in New York City under the terms of a non-cancelable operating lease expiring on August 31, 2020. Rent expense paid under this arrangement for the year ended August 31, 2018 amounted to $246,800 and is included in occupancy costs in the statement of functional expenses. In addition, the Organization is subleasing a portion of its office space and has recorded amounts received under the sub-lease agreement in the theater facility leasing revenue line on the statement of activities. Since July 1, 2009, the sub-lease agreement requires monthly payments of $500.

The Organization also leases equipment under a non-cancelable operating leases expiring in September 2022. The lease is secured by the related equipment. Equipment rental expense paid under this arrangement for the year ended August 31, 2018 amounted to $10,595 and is included in equipment – purchase, rental and repair expense line in the statement of functional expenses.

Future minimum lease payments under the non-cancelable operating leases are summarized as follows:

Year ending August 31,	
2019	$ 268,800
2020	274,800
2021	16,800
2022	16,800
Thereafter	-
Total	$ 577,200

16) GOING CONCERN

The Organization has had a deficit balance in Net Assets for the past five years. In addition, its total liabilities increased by approximately $164,000 from the prior year. As of August 31, 2018, the Organization's current liabilities exceeded its current assets by $364,649 and its total liabilities exceeded its total assets by $265,609.

In FY18, TADA! incurred an unforeseen deficit due to some loss in unearned and earned revenues. To help off-set this deficit, the Board of Directors supported TADA!'s efforts to implement the following measures in FY18 and for the following fiscal year:

1) In FY18, lowered operational expenses to help narrow the year-end deficit;
2) In FY18, received additional pledges from select individuals for FY19 and FY20;
3) In FY18 and for FY19, lowered select salaries to help lower the deficit loss in FY18;
4) In FY18 and for FY19, increased on- and off-site program prices to help increase earned revenue;
5) In FY18 and for FY19, concerted efforts made in growing the Board of Directors with three new Members added in FY18 and a new Board-supported recruiter's account with LinkedIn opened to help recruit additional Members in FY19. Additionally, collaborative efforts with TADA!'s Marketing Department on its Board Development Chairs will produce newly formed collateral and marketing materials targeting recruitment of new Board Members;
6) For FY19, TADA! is back on cycle with important funders (e.g., Pinkerton: $35-40k);
7) In FY18, TADA! secured an increase in Individual Giving and will focus on maintaining/increasing this in FY19. In FY18, unrestricted individual giving was approximately 46% higher than in FY17, and TADA! Is focused on achieving similar results in FY19.

The Board is committed to continuing its efforts to decrease debt incurred through individual loan forgiveness and through the efforts/support of the Board's Debt Reduction Committee. Recommendations from the Committee include a new line of credit and all banking needs with First Republic Bank (which is a new banking institution for TADA!). This new credit line (approximately 4% interest) will be used to pay off high interest debts (up to 8% interest) as well as support TADA!'s cash flow needs. TADA! will also continue to pay down other loans according to current terms and commit to a monthly payment plan on the new line of credit.

TADA! is making continued efforts to grow earned income through additional performances, week-long as well as 1-day camp tuition fee increases, by adding more classes and camps, and additional programs for older students.

16) GOING CONCERN (CONT'D)

While TADA!'s new database (Salesforce) implemented in fiscal year 2016 is working well, the registration program that works with the database (Click&Pledge) is not. In FY18, TADA! added to the database a new program (PatronManager). PatronManager works in tandem with its newly adopted database and provides better reporting (e.g., reconciliations) between box office/class/camp registrations and the database. For fiscal year 2019, TADA! will continue to add and develop components of PatronManager and is confident that these additional add-ons will provide best support for TADA!'s box office, reporting, and reconciliation needs.

The Board of Directors is confident that the financial health of the Organization will continue to improve over the next few years.