TADA! THEATRE AND
DANCE ALLIANCE, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2019

RB | RICH & BANDER
CERTIFIED PUBLIC ACCOUNTANTS

TADA! THEATRE AND DANCE ALLIANCE, INC.
TABLE OF CONTENTS
AUGUST 31, 2019 WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2018

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, 2019, 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.

79 MADISON AVENUE FIFTH FLOOR NEW YORK, NY 10016
Tel: (212) 684-2470 Fax: (646) 218-4132 EMAIL: INFO@RICHANDBANDER.COM

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, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, TADA! Theatre and Dance Alliance, Inc. adopted Accounting Standards Update No. 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities" Topic (958).* Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited TADA! Theatre and Dance Alliance, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
January 16, 2020

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019
(With summarized comparative information for the year ended August 31, 2018)

ASSETS	2019	2018
Current assets		
Cash and cash equivalents	$ 10,133	$ -
Certificates of deposit	80,000	-
Accounts receivable	-	1,326
Contributions and grants receivable - current	172,224	128,422
Other receivables	2,937	-
Security deposit - current	61,400	-
Prepaid expenses	14,320	29,234
Total current assets	**341,014**	**158,982**
Property and equipment, net of accumulated depreciation	**20,582**	**15,827**
Other assets		
Contributions and grants receivable - noncurrent	75,000	102,500
Security deposit - noncurrent	-	61,400
Total other assets	**75,000**	**163,900**
TOTAL ASSETS	**$ 436,596**	**$ 338,709**
LIABILITIES AND NET ASSETS		
Current liabilities		
Cash overdraft	$ -	$ 42,177
Accounts payable and accrued expenses	108,900	97,446
Bonuses payable	20,000	-
Lines of credit and loans payable, current portion	169,681	90,991
Loans payable from individuals	18,000	-
Loans payable from individuals - related parties	201,500	233,453
Unrelated business income taxes payable	-	1,804
Security deposit payable	5,100	3,475
Deferred revenue	34,006	54,285
Total current liabilities	**557,187**	**523,631**
Long-term liabilities		
Lines of credit and loans payable, noncurrent portion	-	80,687
Total long-term liabilities	**-**	**80,687**
Total liabilities	**557,187**	**604,318**
Net assets		
Without donor restrictions	(353,091)	(450,609)
With donor restrictions	232,500	185,000
Total net assets	**(120,591)**	**(265,609)**
TOTAL LIABILITIES AND NET ASSETS	**$ 436,596**	**$ 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, 2019
(With summarized comparative information for the year ended August 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Revenue and support				
Grants and contributions				
Individuals	$ 520,541	$ 128,000	$ 648,541	$ 626,095
Government	145,625	-	145,625	79,500
Foundations	131,804	-	131,804	144,760
Corporations	51,141	-	51,141	57,909
Donated materials and services	35,530	-	35,530	37,056
Gross special events revenue	45,449	-	45,449	171,127
Less: cost of direct benefits to donors	(13,510)	-	(13,510)	(69,931)
Net special events revenue	31,939	-	31,939	101,196
Total grants and contributions	**916,580**	**128,000**	**1,044,580**	**1,046,516**
Program service revenue				
Tuition and workshop	775,577	-	775,577	764,305
Theater facility leasing	100,707	-	100,707	61,498
Box office	66,706	-	66,706	86,176
Other program income	10,554	-	10,554	17,478
Total program service revenue	**953,544**	**-**	**953,544**	**929,457**
Other income				
Miscellaneous income	10,550	-	10,550	9,605
Total other income	**10,550**	**-**	**10,550**	**9,605**
Net assets released from restrictions	80,500	(80,500)	-	-
	1,961,174	**47,500**	**2,008,674**	**1,985,578**
Expenses				
Program services				
Theater	672,092	-	672,092	716,081
Education	803,503	-	803,503	709,304
Supporting services				
Management and general	271,339	-	271,339	307,326
Fundraising	116,722	-	116,722	192,851
	1,863,656	**-**	**1,863,656**	**1,925,562**
Change in net assets	97,518	47,500	145,018	60,016
Net assets - beginning of year	(450,609)	185,000	(265,609)	(325,625)
Net assets - end of year	**$ (353,091)**	**$ 232,500**	**$ (120,591)**	**$ (265,609)**

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019
(With summarized comparative information for the year ended August 31, 2018)

	Program Services							
	Theater/Ensemble	Education	Total Program	Management & General	Fundraising	Cost of Direct Benefits to Donors	2019 Total	2018 Total
Salaries and wages	$ 341,074	$ 499,359	$ 840,433	$ 110,374	$ 34,573	$ -	$ 985,380	$ 1,035,061
Occupancy costs	113,429	127,571	241,000	44,796	14,143	-	299,939	302,043
Payroll taxes and fringe benefits	66,623	70,002	136,625	20,421	10,454	-	167,500	175,046
Professional fees	45,517	17,869	63,386	25,960	3,413	-	92,759	108,300
Advertising and promotion	8,416	33,662	42,078	595	-	-	42,673	24,609
Supplies	14,844	1,051	15,895	23,194	172	-	39,261	29,886
Bank and credit card charges	1,118	14,535	15,653	2,236	19,379	-	37,268	66,590
Equipment - purchase, rental and repair	14,593	11,616	26,209	4,332	1,444	-	31,985	19,923
Productions	29,007	-	29,007	-	-	-	29,007	40,188
Fundraising expenses - indirect	-	-	-	137	27,161	-	27,298	15,906
Travel, meals and donated auction items	5,964	3,908	9,872	2,294	1,442	2,160	15,768	40,759
In-kind lighting lease	15,000	-	15,000	-	-	-	15,000	15,000
Telecommunications	5,522	5,522	11,044	2,071	690	-	13,805	10,693
Interest expense	-	-	-	13,444	-	-	13,444	14,840
Dues, training and publications	1,086	4,743	5,829	4,873	1,997	-	12,699	4,957
Venue	-	-	-	-	-	11,350	11,350	44,000
Insurance	4,360	4,360	8,720	1,635	545	-	10,900	9,861
Depreciation	3,563	3,563	7,126	1,336	445	-	8,907	9,798
Payroll processing fees	-	-	-	7,484	-	-	7,484	5,529
Postage	675	2,700	3,375	1,739	350	-	5,464	7,445
Printing and copying	749	2,997	3,746	-	308	-	4,054	5,352
Other expenses	552	45	597	2,834	206	-	3,637	624
Fines and penalties	-	-	-	1,584	-	-	1,584	7,279
Unrelated business income taxes	-	-	-	-	-	-	-	1,804
Total expenses by function	**672,092**	**803,503**	**1,475,595**	**271,339**	**116,722**	**13,510**	**1,877,166**	**1,995,493**
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(13,510)	(13,510)	(69,931)
Total expenses included in the expense section on the statement of activities	**$ 672,092**	**$ 803,503**	**$ 1,475,595**	**$ 271,339**	**$ 116,722**	**$ -**	**$ 1,863,656**	**$ 1,925,562**

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019
(With summarized comparative information for the year ended August 31, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 145,018	$ 60,016
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,907	9,798
Forgiveness of loans payable and related party loans payable included in contribution	(100,860)	(90,000)
Repayment of loans payable to the New York Foundation for the Arts by New York City Department of Cultural Affairs on behalf of Organization	(38,400)	-
(Increase) decrease in operating assets:		
Accounts receivable	1,326	1,640
Contributions and grants receivable	(16,302)	(217,051)
Other receivables	(2,937)	-
Prepaid expenses	14,914	(27,578)
Increase (decrease) in operating liabilities:		
Cash overdraft	(42,177)	42,177
Accounts payable and accrued expenses	11,454	(65,116)
Bonuses payable	20,000	-
Unrelated business income taxes payable	(1,804)	1,804
Security deposit payable	1,625	3,475
Deferred revenue	(20,279)	54,285
Total adjustments	(164,533)	(286,566)
Net cash used in operating activities	(19,515)	(226,550)
Cash flows from investing activities:		
Purchase of property and equipment	(13,662)	(12,368)
Net cash used in investing activities	(13,662)	(12,368)
Cash flows from financing activities:		
Purchases of certificates of deposit	(80,000)	-
Proceeds from loans payable - New York Foundation for the Arts	38,400	-
Proceeds from lines of credit and loans payable	154,401	110,000
Repaymets of lines of credit and loans payable	(156,399)	(104,458)
Loans from individuals	24,000	-
Repayments of loans from individuals	(3,000)	-
Loans from individuals - related parties	80,000	225,860
Repayments of loans from individuals - related parties	(14,092)	(13,500)
Net cash provided by financing activities	43,310	217,902
Net increase (decrease) in cash and cash equivalents	10,133	(21,016)
Cash and cash equivalents, beginning of year	-	21,016
Cash and cash equivalents, end of year	**$ 10,133**	**$ -**
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 13,444	$ 14,840
Income taxes	$ -	$ -
Noncash investing and financing activities:		
Conversion of loans payable and related party loans payable to contribution	$ 100,860	$ 90,000
Repayment of loans payable to the New York Foundation for the Arts by New York City Department of Cultural Affairs on behalf of Organization	$ 38,400	$ -

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 inspire young people from different backgrounds to be creative, learn and think differently through their participation in high quality musical theater productions, positive youth development, and arts education programs. The Organization professionally produces original musical productions commissioned from new and established musical theater artists specifically to be performed by members of the Free Resident Youth Ensemble of TADA!, young performers ages 8 - 18, for family audiences. 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, musical directors, designers, scenic artists, technicians, and crew to work with a diverse cast of children and teens that are members of the Free Resident Youth Ensemble of TADA!. The Organization maintains children's ticket prices starting at $15 for its productions and offers discounted and free tickets to school and non-profit groups.

Resident Youth Ensemble of TADA!: A free pre-professional training and positive youth development program composed of 60 - 80 youth and teens ages 8 - 18 for the New York City and New Jersey area. Participation in this year-round program is by audition only and includes a variety of opportunities and experiences such as free theatrical training in dance, voice, acting and performance skills; social events; leadership and job opportunities through community service and JobRAP (Job Readiness and Apprenticeship Program); family gatherings; middle school, high school and college preparation; transportation subsidies; international youth exchanges; free healthy snacks and field trips to see other theater in NYC.

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.

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

Nature of the Organization (cont'd)

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. 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.

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

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.

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.

Certificates of Deposit

The Organization invests in non-brokered certificates of deposit (CDs) with maturities that are generally less than 1 year. These investments are stated at cost.

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)

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.

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.

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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 donated materials and services are offset by like amounts included in expenses.

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

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statements of activities as net assets released from restrictions.

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.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Comparative Data

The amounts shown for the year ended August 31, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2018, from which the summarized information was derived.

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

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. The Organization is currently evaluating the effect the update will have on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This new standard is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect the update will have on its financial statements.

On November 17, 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. This new standard is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. The Organization is currently evaluating the effect the update will have on its financial statements.

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

Change in Accounting Principle

Effective September 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Implementation of ASU 2016-14 did not require restatement of any opening balances related to the period presented. However, the net asset balances as of August 31, 2018 included in the prior year summarized comparative information presented have been reclassified to conform with ASU 2016-14. The Organization's net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Organization's net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Organization did not have any permanently restricted net assets.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. For the year ended August 31, 2019, advertising and promotion costs were $42,673.

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 has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended August 31, 2018, 2017, and 2016 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of August 31, 2019, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

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

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.

Date of Management's Review

Management has evaluated subsequent events through January 16, 2020, 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, 2019, 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) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 10,133
Certificates of deposit	80,000
Other receivables	2,937
Contributions and grants receivable	169,224
Total	$ 262,294

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Should the Organization not have any liquid, available financial assets it has the ability to draw on its lines of credit (Refer to Note 10).

4) CERTIFICATES OF DEPOSIT

At August 31, 2019, the Organization held one CD with a total cost of $80,000. The CD bears interest rate of 1.49% and will mature on July 3, 2020.

5) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable totaled $247,224 at August 31, 2019. 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	$ 172,224
One to three years	75,000
	$ 247,224

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.

6) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of August 31, 2019. Depreciation expense for the year then ended was $8,907.

Furniture, fixtures and equipment	$ 247,523
Leasehold improvements	29,021
	276,544
Less: accumulated depreciation	255,962
	$ 20,582

7) LOANS FROM INDIVIDUALS

At August 31, 2019, the Organization was obligated to several individuals for various personal loans amounted to $18,000. These loans are unsecured, interest-free, and have no specific repayment terms. During the year ended August 31, 2019, $3,000 of the loans were forgiven by two individuals.

8) LOANS FROM INDIVIDUALS – RELATED PARTIES

At August 31, 2019, the Organization was obligated to its board members and officers for various personal loans amounted to $201,500. These loans are unsecured, interest-free, and have no specific repayment terms. During the year ended August 31, 2019, $97,860 of the loans were forgiven by four Board members.

9) LOANS – NEW YORK FOUNDATION FOR THE ARTS

During the year ended August 31, 2019, the Organization received a $38,400 interest-free short-term revolving bridge loan from the New York Foundation for the Arts ("NYFA"). Prior to year-end, the loan was repaid to the NYFA by the New York City Department of Cultural Affairs ("DCA").

Subsequent to year-end, the Organization received an additional $20,000 interest-free short-term revolving bridge loan from NYFA. The loan will be repaid by DCA.

10) LINES OF CREDIT AND LOANS PAYABLE

The following is a summary of lines of credit and loans payable at August 31, 2019:

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.	$ 88,211
In July 2019, the Organization obtained a credit line of $75,000 from the First Republic Bank. The line bears interest at the bank's prime lending rate, or a floor of 3.25% (5.50% at August 31, 2019). The line of credit matures on August 2, 2020. The line is collateralized by all of the Organization's assets and is personally guaranteed by a Board member.	64,401
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.	17,069
During the year ended August 31, 2019, the Organization received cash flow loans totaling $35,000 from the Alliance of Resident Theaters/New York, Inc. (ART/NY) bearing interest at 3.25% per annum. Prior to year-end, the loans were repaid in full.	-
During the year ended August 31, 2019, the Organization received $55,000 of short-term non-interest-bearing cash flow loans from the Fund for the City of New York. Prior to year-end, the loans were repaid in full.	-
Total	$ 169,681

Interest paid during the year ended August 31, 2019 was $13,444.

11) NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to the passage of time:	
For periods after August 31, 2019	$ 232,500
Total net assets with donor restrictions	$ 232,500

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended August 31, 2019:

Expiration of time restrictions	$ 55,500
Satisfaction of purpose restrictions:	
The Resident Youth Ensemble Program	25,000
Total restrictions released	$ 80,500

12) 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.

13) IN-KIND CONTRIBUTIONS

During the year ended August 31, 2019, the Organization received the following in-kind contributions that have been reflected at their fair values in the statement of activities.

Donated goods	$ 20,530
Donated lighting equipment - DCA	15,000
	$ 35,530

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

Fundraising expenses - indirect	$ 20,110
In-kind lighting lease	15,000
Costs of direct benefits to donors	420
Total	$ 35,530

14) 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.

15) 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, equipment – purchase, rental and repair, depreciation, and occupancy costs, which are allocated on the basis of estimates of time and effort.

16) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at several major financial institutions. The balances, at times, may exceed federally insured limits. As of August 31, 2019, 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.

17) 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, 2019 amounted to $253,802 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 $600.

The Organization also leases equipment under 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, 2019 amounted to $16,800 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,	
2020	$ 274,800
2021	16,800
2022	16,800
Thereafter	-
Total	$ 308,400

18) GOING CONCERN

The Organization has had a deficit balance in Net Assets for the past five years. As of August 31, 2019, the Organization's current liabilities exceeded its current assets by $216,173 and its total liabilities exceeded its total assets by $120,591.

Since fiscal year 2018, The Board of Directors and Executive Staff have instituted a number of changes in an effort to improve the financial health and sustainability of the Organization. The plan is three-fold: debt reduction through loan pay-backs and loan restructuring; increase earned revenue through programming and decreasing expenses; and increase contributions through various fundraising efforts.

Debt Reduction Through Loan Pay-Backs and Loan Restructuring

The Board is committed to decreasing previous debt incurred by $50,000 per year through individual loan forgiveness and through the efforts/support of a Debt Reduction Committee. Recommendations from the Committee included the implementation of a new banking institution, First Republic Bank, in order to establish a renewable credit line to support TADA! programming throughout the fiscal year, and also a secured low-interest loan in order to eliminate long term, high-interest debt.

In FY19, TADA! established a guaranteed $75,000 credit line, which is renewable and can be used for daily operational cash flow needs. Also established in FY19, with the assistance of the Board, is a cash collateral CD asset of $80,000 (1.5% annual yield) that currently supports a $75,000 loan (prime rate) awarded in FY20 to pay off a long term debt of $88,000 at 8% interest. This long term debt was paid in full in January 2020.

Increase Earned Revenue Through Programming and Decreasing Program Expenses

TADA! continued its austerity in FY19 through the lowering of various expenses. Through the restructuring of positions and staff changes, most notably the Executive Director and Director of Development & Marketing positions, fiscal year 2019 will have a cost savings of approximately $57,000 (5%) in salaries & fringe. Further reductions in various operating costs (i.e. a 3-show season versus a 4-show season) are reflected in approximately 3% of savings. Also of note is a significant cost savings of 44% in bank charges, due to the Debt Reduction Committee recommendation for a new banking institution, plus the efforts of management in avoiding cash overdrafts during daily operations.

The organization moved to a three show season in FY19 in order to allow for increased rental revenue to be generated. Additionally, with the Theater/Ensemble programs utilizing the space less, this allowed more Education programming to take place onsite, lowering the space rental cost in Education programming. Due to aggressive sales, theater facility leasing income grew by approximately 64% in FY19.

In both FY19 and FY20, Ensemble Program expenses decreased through support from their Artistic Advisory Board and Alumni who are teaching classes for Ensemble Members and working on productions pro bono or at a reduced rate.

18) GOING CONCERN (CONT'D)

Growing Contributed Income

In FY19, the Organization saved an estimated $45,000 in expenses by not holding a traditional Gala fundraiser, but were still able to generate income by getting the Board and Major donors to still give what they would have for the event had it taken place.

In FY20, TADA! will continue to increase contributed income through a continued effort on individual cultivation such as: direct appeals; Board sponsored events and well as the 35th Anniversary Gala with highly regarded and recognized celebrities. The Organization will also print a 35th Anniversary Commemorative Journal and make money on donations from individuals and companies placing congratulatory pages in this book.

Effort to secure future pledges from individuals continues. In fiscal years 2019 and 2020, TADA! has also continued its efforts in cultivating new board members. In FY19, the Organization added 1 new Board member. So far for FY20 the Organization has added 2 new members and are in discussions with 3 others. The Organization have also created an official Parents Committee to help with fundraising, increase organization visibility and support growth education class and camp sales.

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