TADA! THEATRE AND DANCE ALLIANCE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

AUGUST 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2019

RB | RICH & BANDER
CERTIFIED PUBLIC ACCOUNTANTS

TADA! THEATRE AND DANCE ALLIANCE, INC.
TABLE OF CONTENTS
AUGUST 31, 2020 WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019

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, 2020, 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.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, 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, as of and for the year ended August 31, 2020, TADA! Theatre and Dance Alliance, Inc. adopted Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, as of and for the year ended August 31, 2020, TADA! Theatre and Dance Alliance, Inc. adopted Accounting Standards Update No. 2016-15, *Statement of Cash Flows* (Topic 230): *Classification of Certain Cash Receipts and Cash Payments,* and Accounting Standards Update No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
February 23, 2021

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020
(With summarized comparative information for the year ended August 31, 2019)

ASSETS	2020	2019
Current assets		
Cash and cash equivalents	$ 3,328	$ 10,133
Certificates of deposit	-	80,000
Contributions and grants receivable - current	337,545	172,224
Other receivables	676	2,937
Security deposit - current	-	61,400
Prepaid expenses	25,359	14,320
Total current assets	**366,908**	**341,014**
Property and equipment, net of accumulated depreciation	**15,118**	**20,582**
Other assets		
Contributions and grants receivable - noncurrent	291,500	75,000
Security deposit - noncurrent	61,400	-
Total other assets	**352,900**	**75,000**
TOTAL ASSETS	**$ 734,926**	**$ 436,596**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 39,943	$ 108,900
Bonuses payable	-	20,000
Lines of credit and loans payable, current portion	-	169,681
Loans payable from individuals	11,500	18,000
Loans payable from individuals - related parties	161,500	201,500
Security deposit payable	2,000	5,100
Grant advance - paycheck protection program	208,900	-
Deferred revenue	10,961	34,006
Total current liabilities	**434,804**	**557,187**
Long-term liabilities		
Lines of credit and loans payable, noncurrent portion	150,000	-
Total long-term liabilities	**150,000**	**-**
Total liabilities	**584,804**	**557,187**
Net assets		
Without donor restrictions	(450,878)	(353,091)
With donor restrictions	601,000	232,500
Total net assets	**150,122**	**(120,591)**
TOTAL LIABILITIES AND NET ASSETS	**$ 734,926**	**$ 436,596**

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, 2020
(With summarized comparative information for the year ended August 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenue and support				
Grants and contributions				
Individuals	$ 250,203	$ 421,000	$ 671,203	$ 648,541
Foundations	254,020	100,000	354,020	131,804
Gross special events revenue	169,179	-	169,179	45,449
Less: cost of direct benefits to donors	(45,636)	-	(45,636)	(13,510)
Net special events revenue	123,543	-	123,543	31,939
Government	104,750	-	104,750	145,625
Corporations	52,426	-	52,426	51,141
Donated materials and services	10,036	-	10,036	35,530
Other contribution	10,000	-	10,000	-
Total grants and contributions	**804,978**	**521,000**	**1,325,978**	**1,044,580**
Program service revenue				
Tuition and workshop	375,991	-	375,991	775,577
Theater facility leasing	55,450	-	55,450	100,707
Box office	45,271	-	45,271	66,706
Other program income	8,335	-	8,335	10,554
Total program service revenue	**485,047**	**-**	**485,047**	**953,544**
Other income				
Net investment return	1,195	-	1,195	51
Miscellaneous income	-	-	-	10,499
Total other income	**1,195**	**-**	**1,195**	**10,550**
Net assets released from restrictions	152,500	(152,500)	-	-
	1,443,720	**368,500**	**1,812,220**	**2,008,674**
Expenses				
Program services				
Theater	578,907	-	578,907	672,092
Education	648,527	-	648,527	803,503
Supporting services				
Management and general	159,797	-	159,797	271,339
Fundraising	154,276	-	154,276	116,722
	1,541,507	**-**	**1,541,507**	**1,863,656**
Change in net assets	(97,787)	368,500	270,713	145,018
Net assets - beginning of year	(353,091)	232,500	(120,591)	(265,609)
Net assets - end of year	**$ (450,878)**	**$ 601,000**	**$ 150,122**	**$ (120,591)**

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, 2020
(With summarized comparative information for the year ended August 31, 2019)

	Program Services							
	Theater/Ensemble	**Education**	**Total Program**	**Management & General**	**Fundraising**	**Cost of Direct Benefits to Donors**	**2020 Total**	**2019 Total**
Salaries and wages	$ 302,938	$ 398,630	$ 701,568	$ 42,550	$ 75,018	$ -	$ 819,136	$ 985,380
Occupancy costs	113,103	113,863	226,966	28,276	28,276	-	283,518	299,939
Payroll taxes and fringe benefits	66,228	44,090	110,318	25,060	10,022	-	145,400	167,500
Professional fees	34,314	25,492	59,806	16,634	1,275	200	77,915	92,759
Venue	-	-	-	-	-	35,400	35,400	11,350
Advertising and promotion	6,853	27,412	34,265	140	-	-	34,405	42,673
Bank and credit card charges	1,017	7,118	8,135	1,271	16,081	-	25,487	37,268
Travel, meals and donated auction items	4,543	3,337	7,880	3,205	885	10,036	22,006	15,768
Supplies	8,146	788	8,934	12,098	518	-	21,550	39,261
Equipment - purchase, rental and repair	6,803	6,388	13,191	4,742	1,597	-	19,530	31,985
Productions	18,981	-	18,981	-	378	-	19,359	29,007
Telecommunications	6,647	6,647	13,294	1,662	1,662	-	16,618	13,805
Insurance	4,403	4,403	8,806	1,101	1,101	-	11,008	10,900
Printing and copying	972	3,890	4,862	-	5,045	-	9,907	4,054
Interest expense	-	-	-	9,647	-	-	9,647	13,444
Other expenses	-	48	48	-	8,844	-	8,892	3,637
Dues, training and publications	781	1,070	1,851	3,936	1,357	-	7,144	12,699
Payroll processing fees	-	-	-	6,882	-	-	6,882	7,484
Depreciation	2,454	2,454	4,908	614	613	-	6,135	8,907
Postage	724	2,897	3,621	1,512	876	-	6,009	5,464
Fundraising expenses - indirect	-	-	-	-	728	-	728	27,298
Fines and penalties	-	-	-	467	-	-	467	1,584
In-kind lighting lease	-	-	-	-	-	-	-	15,000
Total expenses by function	**578,907**	**648,527**	**1,227,434**	**159,797**	**154,276**	**45,636**	**1,587,143**	**1,877,166**
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(45,636)	(45,636)	(13,510)
Total expenses included in the expense section on the statement of activities	**$ 578,907**	**$ 648,527**	**$ 1,227,434**	**$ 159,797**	**$ 154,276**	**$ -**	**$ 1,541,507**	**$ 1,863,656**

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

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020
(With summarized comparative information for the year ended August 31, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 270,713	$ 145,018
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,135	8,907
Donated securities	(31,643)	-
Forgiveness of loans payable and related party loans payable included in contributions	(41,500)	(100,860)
Repayment of loans payable to the New York Foundation for the Arts by New York City Department of Cultural Affairs on behalf of Organization	(45,600)	(38,400)
(Increase) decrease in operating assets:		
Accounts receivable	-	1,326
Contributions and grants receivable	(381,821)	(16,302)
Other receivables	2,261	(2,937)
Prepaid expenses	(11,039)	14,914
Increase (decrease) in operating liabilities:		
Cash overdraft	-	(42,177)
Accounts payable and accrued expenses	(68,957)	11,454
Bonuses payable	(20,000)	20,000
Unrelated business income taxes payable	-	(1,804)
Security deposit payable	(3,100)	1,625
Grant advance - paycheck protection program	208,900	-
Deferred revenue	(23,045)	(20,279)
Total adjustments	(409,409)	(164,533)
Net cash used in operating activities	(138,696)	(19,515)
Cash flows from investing activities:		
Purchase of property and equipment	(671)	(13,662)
Proceeds from sale of donated securities	31,643	-
Net cash provided by (used in) investing activities	30,972	(13,662)
Cash flows from financing activities:		
Purchases of certificates of deposit	-	(80,000)
Redemption of certificates of deposit	80,000	-
Proceeds from loans payable - New York Foundation for the Arts	45,600	38,400
Proceeds from lines of credit and loans payable	255,000	154,401
Repayments of lines of credit and loans payable	(274,681)	(156,399)
Loans from individuals	-	24,000
Repayments of loans from individuals	-	(3,000)
Loans from individuals - related parties	20,000	80,000
Repayments of loans from individuals - related parties	(25,000)	(14,092)
Net cash provided by financing activities	100,919	43,310
Net increase (decrease) in cash and cash equivalents	(6,805)	10,133
Cash and cash equivalents, beginning of year	10,133	-
Cash and cash equivalents, end of year	**$ 3,328**	**$ 10,133**
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 9,647	$ 13,444
Income taxes	$ -	$ -
Noncash investing and financing activities:		
Marketable securities donated to Organization	$ 31,643	$ -
Conversion of loans payable and related party loans payable to contribution	$ 41,500	$ 100,860
Repayment of loans payable to the New York Foundation for the Arts by New York City Department of Cultural Affairs on behalf of Organization	$ 45,600	$ 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 social, racial, economic and cultural 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 on-site and at local schools and community organizations. From mid-March 2020 through the present, TADA! is offering its programs remotely using Zoom and YouTube to connect with their members, students and audiences.

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 who 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 50 - 70 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 Job RAP (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 use of musical theater, as well as build social and emotional learning skills such as creative thinking, self- awareness, communication, and self-management 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 for ages 4 - 12 in the rehearsal room or on Zoom. The Organization also offers 1-10 day camps on-site, in nearby spaces and on Zoom 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 musical 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 and personal skills.

The Organization's programs are supported primarily by tuition and workshop fees, space rental, box office income, 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.

Cash, Cash Equivalents, and Restricted Cash

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. Restricted cash consists of cash or cash equivalents held for endowments, special projects, or other long-term purposes. There was no restricted cash for the year ended August 31, 2020.

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.

Grant Advance - Paycheck Protection Program

The Organization has elected to account for the Paycheck Protection Program ("PPP") loan under ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). In accordance with the standard, the Organization records the cash inflow of the PPP loan as a grant advance and has the option to recognize grant contributions once the conditions for the grant are (1) substantially met or (2) explicitly waived. The Organization has elected to recognize grant contributions when the conditions for the grant are explicitly waived by the Small Business Administration ("SBA").

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.

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

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.

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 statement 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 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

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

Comparative Data

The amounts shown for the year ended August 31, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 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, 2019, from which the summarized information was derived.

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.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the standard should assist entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The guidance applicable to resource recipients is effective for fiscal years beginning after June 15, 2018, and the guidance applicable to resource providers is effective for fiscal years beginning after December 15, 2018. On September 1, 2019, the Organization adopted ASU No. 2018-08. There were no material changes to the financial statements upon adoption.

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows* (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. This standard provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. There were no changes for the Organization upon adoption of these provisions in the accompanying financial statements.

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

Recent Accounting Pronouncements

In May 2014, the FASB issued an ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606) 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. The effective date of this standard has been delayed to annual periods beginning after December 15, 2019 and in interim periods in annual periods beginning after December 15, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. 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 that these updates will have on its financial statements.

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, 2019, 2018, and 2017 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, 2020, 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)

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. For the year ended August 31, 2020, advertising and promotion costs were $34,405.

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, 2020, 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	$ 3,328
Other receivables	676
Contributions and grants receivable	339,545
Total	$ 343,549

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.

4) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of August 31, 2020. Depreciation expense for the year then ended was $6,135.

Furniture, fixtures and equipment	$ 248,194
Leasehold improvements	29,021
	277,215
Less: accumulated depreciation	262,097
	$ 15,118

5) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable totaled $629,045 at August 31, 2020. 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	$ 337,545
One to three years	291,500
	$ 629,045

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) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM

On April 22, 2020 the Organization received loan proceeds in the amount of $208,900 from First Republic Bank pursuant to the PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act ("CARES Act") and administered by the SBA. The PPP provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization.

The loan matures on April 22, 2022 and bears interest at a rate of 1 % per annum, payable monthly commencing on November 22, 2020. There is a deferral of payments for the first six months on the loan. The loan may be prepaid by the Organization at any time prior to the maturity with no prepayment penalties. As described in the CARES Act, the PPP loan and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and maintains its payroll levels.

While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is not a guarantee that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

7) OTHER CONTRIBUTION

On April 14, 2020 the Organization received loan advance proceeds in the amount of $10,000 from First Republic Bank pursuant to the Economic Injury Disaster Loan, administered by the SBA. The loan advance does not have to be repaid and is included in other contribution in the statement of activities.

8) LOANS FROM INDIVIDUALS

At August 31, 2020, the Organization was obligated to several individuals for various personal loans amounted to $11,500. These loans are unsecured, interest-free, and have no specific repayment terms. During the year ended August 31, 2020, $6,500 of the loans were forgiven by two individuals.

9) LINES OF CREDIT AND LOANS PAYABLE

The following is a summary of lines of credit and loans payable at August 31, 2020:

On June 12, 2020, the Organization received loan proceeds in the amount of $150,000 from First Republic Bank pursuant to the Economic Injury Disaster Loan, established as part of the Coronavirus Aid, Relief and Economic Securities Act ("CARES Act"), and administered by the Small Business Administration. The loan is to be used for working capital and normal operating expenses of the Organization. The loan matures on June 12, 2050 and bears interest at a rate of 2.75% per annum, payable monthly commencing on June 12, 2021. There is a deferral of payments for the first twelve months on the loan. The loan is collateralized by all assets owned by the Organization.	$ 150,000
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 matured 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. Prior to year-end, the credit line was repaid in full.	-
The Organization had available a $75,000 credit line with 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, 2020). The line of credit matured on August 2, 2020. The line is collateralized by all of the Organization's assets and is personally guaranteed by a Board member. Prior to year-end, the credit line was repaid in full.	-
During the year ended August 31, 2020, the Organization received $75,000 secured term loan from First Republic Bank bearing interest at 3.99% per annum. The loan matured on July 3, 2020. The loan was secured by the Organization's certificates of deposit valued at $80,000. Prior to year-end, the loan was repaid in full.	-
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. Prior to year-end, the line of credit was repaid in full.	-
During the year ended August 31, 2020, the Organization received a $25,000 cash flow loan from the Alliance of Resident Theaters/New York, Inc. (ART/NY) bearing interest at 3.25% per annum. The loan matures on October 1, 2020. Prior to year-end, the loan was repaid in full.	-
Total	$ 150,000

9) LINES OF CREDIT AND LOANS PAYABLE (CONT'D)

Interest paid during the year ended August 31, 2020 was $9,647.

10) LOANS FROM INDIVIDUALS – RELATED PARTIES

At August 31, 2020, the Organization was obligated to its board members and officers for various personal loans amounted to $161,500. These loans are unsecured, interest-free, and have no specific repayment terms. During the year ended August 31, 2020, $35,000 of the loans were forgiven by two Board members.

11) LOANS – NEW YORK FOUNDATION FOR THE ARTS

During the year ended August 31, 2020, the Organization received $45,600 interest-free short-term revolving bridge loans 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").

12) NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specific purpose:	
The Resident Youth Ensemble Program	$ 100,000
Subject to the passage of time:	
For periods after August 31, 2020	501,000
Total net assets with donor restrictions	$ 601,000

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, 2020:

Expiration of time restrictions	$ 152,500
Total restrictions released	$ 152,500

13) 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, depreciation, and occupancy costs, which are allocated on the basis of estimates of time and effort.

14) IN-KIND CONTRIBUTIONS

During the year ended August 31, 2020, the Organization received donated gala auction items valued at $10,036 which are reflected in the accompanying financial statements as in-kind contributions and costs of direct benefits to donors.

15) 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.

16) LEASE COMMITMENTS

The Organization leases its office and theater space in New York City under the terms of a non-cancelable operating lease from 15 West 28 LLC. The lease was schedule to expire on August 31, 2020. On January 23, 2020, the Organization renewed its lease for five additional years. The extension agreement commenced on September 1, 2020 and expires on August 31, 2025. Under the terms of the lease, the Organization is obligated to pay annual escalation increases each year. The difference between rent expense incurred by the Organization on the straight-line basis and cash paid for rent was deemed immaterial by management. Rent expense paid under this arrangement for the year ended August 31, 2020 amounted to $259,800 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 $600.

The Organization also leases equipment under non-cancelable operating lease expiring in June 2025. The lease is secured by the related equipment. Equipment rental expense paid under this arrangement for the year ended August 31, 2020 amounted to $15,276 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,	
2021	$ 298,800
2022	358,800
2023	394,800
2024	412,800
2025	422,000
Thereafter	-
Total	$ 1,887,200

16) LEASE COMMITMENTS (CONT'D)

Subsequent to year end, the Organization was able to negotiate rent concessions (See Note 18). The future minimum lease payments schedule includes these rent concessions.

17) 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, 2020, 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.

18) KEY EVENT DISCUSSION AND SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization recognized the novel strain of coronavirus COVID-19, as a pandemic. In direct response, on March 22, 2020, the Governor of New York State issued executive order *New York State on PAUSE*, which closed all non-essential businesses state-wide. The coronavirus outbreak has severely impacted economic activity across the world. The Organization's Board of Directors ("Board") and Management are in discussion to identify and limit the negative long-term implications of this pandemic to the Organization.

Since the start of the pandemic, the Organization's staff has operated remotely. At the moment, there is no official timetable for returning operations to a physical office, but the Board and Management are in periodic discussions regarding this matter and will take action when it is deemed most suitable for the Organization.

The Organization was able to successfully negotiate rent concessions with the landlord at their office and theater space in New York City. Starting in September 2020, the Organization received six months of rent-reduction.

To date, the Organization was able to secure approximately $128,600 in new funding from foundation donors in direct response to COVID-19. In addition, the Organization received a total of $368,900 in COVID-19 related relief (see Notes 6, 7 and 9). The Organization believes that this combination of funding and contributions will help alleviate effects of the pandemic on potential short-term cash requirements. Given the uncertainty of the spread and long-term impacts of COVID-19, the related financial impact to the Organization, if any, cannot be determined at this time.

Management has evaluated subsequent events through February 23, 2021, which is the date the financial statements were available to be issued.

19) GOING CONCERN

TADA! Theatre and Dance Alliance, Inc. ("the Organization" or "TADA!") has had a deficit balance in Net Assets for the past five years. As of August 31, 2020, the Organization's current liabilities exceeded its current assets by $67,896.

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 ongoing 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. In FY20, the COVID-19 pandemic had several effects on this plan, most notably in their increased revenue, as outlined below.

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.

In FY19 and FY20, TADA! established a guaranteed $75,000 credit line, to be renewable and to be used for daily operational cash flow needs. Also established in FY19, with the assistance of the Board, was a cash collateral certificates of deposit asset of $80,000 (1.5% annual yield) that supported a $75,000 term loan (prime rate) awarded in FY20 to eliminate a long-term debt of $88,000 at 8% interest.

Due to their ongoing efforts of austerity, and plans made in the previous fiscal year, in FY20 TADA! was able to pay off and eliminate their two oldest and highest interest rate debts: the $88,000 debt referred to above, plus a debt of $17,000 at a 5.5% interest rate. Both of these loans were paid prior to the COVID-19 pandemic. Also, in FY20, TADA! eliminated another $144,000 of institutional debts, and $66,000 of debt owed to individuals, through restructuring, forgiveness, pay downs, and pay offs.

While the COVID-19 pandemic did create the necessity for TADA! to utilize the government PPP loan, the Organization fully expects this loan to be forgiven in full during the fiscal year 2021.

Increase Earned Revenue Through Programming and Decreasing Program Expenses

TADA! continued its planned austerity in FY20 through a budgeted decrease of various expenses. Prior to the pandemic, its Administrative Assistant and Director of Marketing resigned, and their respective decreases in salaries and fringe were maintained by a redistribution and restructure of tasks as well as the hiring of one team member at a lesser level and cost.

19) GOING CONCERN (CONT'D)

Increase Earned Revenue Through Programming and Decreasing Program Expenses (Cont'd)

When the COVID-19 pandemic occurred, while TADA! had to utilize the government assistance offered, the Organization also secured an emergency grant of $75,000 to help continue operations. Due to TADA!'s unique ongoing plan aimed towards decreasing costs and loan liability, the Organization were able to continue these plans of austerity, and reduced certain costs further by doing work remotely and entering the virtual space for their administrative staff, Ensemble families, and Education families. Some of these cost savings to note are in supplies, credit card fees, and utilities. Overall, ending costs for FY20 versus ending costs of FY19, due to COVID-19, demonstrated a savings of approximately 20%.

COVID-19 most greatly affected their annual plan to increase earned revenue, which is mainly earned through Education camps, classes, and school residencies offered to students and families throughout the New York City area. The pandemic caused all public and private schools to be shut down, which canceled all their programming, and the Organization also had to shut down their onsite offerings to comply with these government orders. Within one month of closing, the Organization had online programming in place to offer in lieu of all these programs, which kept their earned revenue stream in place, albeit not at the same level of earnings. An additional benefit to their virtual programming was the ability to attract students on the national level.

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. In FY20, COVID-19 caused their season of shows to be reduced. The Organization replaced their normal theatrical productions with online offerings, private lessons, and classes that could be offered virtually, which also reduced expenses. In FY20, box office revenue decreased by approximately $20,000 due to the cancellation of the summer show because of COVID-19 government restrictions. Additional earned revenue of approximately $40,000 was also lost due to the inability to rent out their theater and rehearsal space, because of COVID-19 government restrictions.

Growing Contributed Income

In FY20, TADA! continued to increase contributed income most notably through their 35th Anniversary Gala, with highly regarded and recognized celebrities, which the Organization were able to host in-person prior to the COVID-19 pandemic shut-down. The Organization also printed a 35th Anniversary Commemorative Journal and earned money through donations from individuals and companies placing congratulatory pages in this book. In addition to fundraising events, the Organization also held an online and reverse auction, which both yielded more contributed revenue in FY20.

19) GOING CONCERN (CONT'D)

Growing Contributed Income (Cont'd)

In FY20, the Organization also secured a 3-year foundation grant for their Resident youth Ensemble program as well as a special COVID-19 relief grant from a consortium of foundations. TADA! was able to maintain institutional funding through COVID-19 and in some cases received increased support.

A focus on individuals has increased the number of people who contribute to TADA!. Even with the pandemic, TADA! was able to keep their major donors and, in fact, some even increased their gifts. The Organization's continued efforts in cultivating new board members led to new members in FY20 which also increases Board giving as well as new individual, foundation and corporate contacts. Additional government support was also secured through meetings and applications.

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