

TADA! THEATRE AND DANCE ALLIANCE, INC.

***FINANCIAL STATEMENTS
AND
AUDITORS' REPORT***

AUGUST 31, 2022 AND 2021



TADA! THEATRE AND DANCE ALLIANCE, INC

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
TADA! Theatre and Dance Alliance, Inc.

Opinion

We have audited the financial statements of TADA! Theatre and Dance Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, expenses by function and natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TADA! Theatre and Dance Alliance, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TADA! Theatre and Dance Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TADA! Theatre and Dance Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

New York, NY
December 4, 2023

Skody Scot & Company, CPAs, P.C.



TADA! THEATRE AND DANCE ALLIANCE, INC
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 131,747	\$ 423,645
Accounts receivable	13,004	30,390
Contributions receivable	31,000	250,968
Government grants receivable	23,950	16,750
Prepaid expenses	12,396	19,900
Property and equipment, net	43,442	50,593
Security deposits	61,400	61,400
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 316,939</u></u>	<u><u>\$ 853,646</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 19,806	\$ 31,175
Security deposits payable	5,100	3,000
Deferred revenue	15,806	22,855
Deferred rent	107,520	80,160
Refundable advance	-	214,142
Loan payable	159,572	150,000
Total liabilities	<u>307,804</u>	<u>501,332</u>
Commitments and contingencies (see notes)		
Net Assets/(Deficit):		
Without donor restrictions	(38,968)	(311,247)
With donor restrictions	48,103	663,561
	<u> </u>	<u> </u>
Total net assets/(deficit)	<u>9,135</u>	<u>352,314</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 316,939</u></u>	<u><u>\$ 853,646</u></u>

See accompanying notes to the financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Tuition and workshops	\$ 209,570	\$ -	\$ 209,570	\$ 216,003	\$ -	\$ 216,003
Theater facility rental	77,764	-	77,764	21,721	-	21,721
Box office income	22,915	-	22,915	680	-	680
Contributions	397,399	17,103	414,502	530,772	-	530,772
Government grants and contracts	692,266	-	692,266	471,418	372,141	843,559
Other revenue	5,258	-	5,258	3,089	-	3,089
Net assets released from restriction:						
Satisfaction of purpose restrictions	50,000	(50,000)	-	50,000	(50,000)	-
Expiration of time restrictions	582,561	(582,561)	-	259,580	(259,580)	-
Total net assets released from restriction	632,561	(632,561)	-	309,580	(309,580)	-
Total support and revenues	2,037,733	(615,458)	1,422,275	1,553,263	62,561	1,615,824
Expenses:						
Program services:						
Theatre/Ensemble	657,686	-	657,686	528,781	-	528,781
Education	778,799	-	778,799	597,991	-	597,991
	1,436,485	-	1,436,485	1,126,772	-	1,126,772
Supporting services:						
Management and general	228,442	-	228,442	158,831	-	158,831
Fundraising	100,527	-	100,527	128,029	-	128,029
Total expenses	1,765,454	-	1,765,454	1,413,632	-	1,413,632
Increase/(Decrease) in net assets/(deficit)	272,279	(615,458)	(343,179)	139,631	62,561	202,192
Net assets/(deficit), beginning of year	(311,247)	663,561	352,314	(450,878)	601,000	150,122
Net assets/(deficit), end of year	\$ (38,968)	\$ 48,103	\$ 9,135	\$ (311,247)	\$ 663,561	\$ 352,314

See accompanying notes to the financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION
YEAR ENDED AUGUST 31, 2022

	Program Expenses			Supporting Services		
	Theatre/ Ensemble	Education	Total Program	Management and General	Fundraising	Total Expenses
Personnel costs:						
Salaries	\$ 324,629	\$ 429,322	\$ 753,951	\$ 82,521	\$ 66,976	\$ 903,448
Payroll taxes and fringe benefits	88,146	47,275	135,421	14,643	15,522	165,586
Total personnel costs	412,775	476,597	889,372	97,164	82,498	1,069,034
Direct expenses:						
Audit and accounting fees	-	-	-	16,501	-	16,501
Advertising and promotion	8,571	34,285	42,856	-	-	42,856
Bank charges and processing fees	116	1,974	2,090	233	9,289	11,612
Consultants and outside contractors	25,380	16,264	41,644	965	1,040	43,649
Depreciation	5,436	6,116	11,552	679	1,359	13,590
Dues, fees, training & publications	-	-	-	10,563	-	10,563
Equipment - purchase, rental, & repair	8,759	8,459	17,218	20,217	2,115	39,550
Insurance	5,604	6,304	11,908	1,401	700	14,009
Interest	-	-	-	10,840	-	10,840
IT and software	4,871	4,871	9,742	4,871	1,624	16,237
Occupancy	142,847	214,271	357,118	39,680	-	396,798
Other	3,078	-	3,078	5,745	64	8,887
Payroll processing fees	-	-	-	7,635	-	7,635
Postage and delivery	123	138	261	269	15	545
Production costs	30,391	-	30,391	-	-	30,391
Supplies	1,859	1,859	3,718	3,457	584	7,759
Telecommunications	6,501	7,158	13,659	2,557	1,071	17,287
Travel & meals	1,375	503	1,878	5,665	168	7,711
Total direct expenses	244,911	302,202	547,113	131,278	18,029	696,420
Total expenses	\$ 657,686	\$ 778,799	\$ 1,436,485	\$ 228,442	\$ 100,527	\$ 1,765,454

See accompanying notes to the financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENT OF EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION
YEAR ENDED AUGUST 31, 2021

	Program Expenses			Supporting Services		
	Theatre/ Ensemble	Education	Total Program	Management and General	Fundraising	Total Expenses
Personnel costs:						
Salaries	\$ 236,679	\$ 312,135	\$ 548,814	\$ 55,490	\$ 54,344	\$ 658,648
Payroll taxes and fringe benefits	64,778	34,061	98,839	16,833	12,603	128,275
Total personnel costs	301,457	346,196	647,653	72,323	66,947	786,923
Direct expenses:						
Audit and accounting fees	-	-	-	11,126	-	11,126
Advertising and promotion	7,605	30,420	38,025	-	-	38,025
Bank charges and processing fees	89	1,520	1,609	179	7,151	8,939
Consultants and outside contractors	29,261	12,108	41,369	26,156	3,619	71,144
Depreciation and amortization	2,731	3,073	5,804	341	683	6,828
Dues, fees, training & publications	341	1,208	1,549	7,021	1,471	10,041
Equipment - purchase, rental, & repair	8,518	9,591	18,109	6,079	1,581	25,769
Insurance	4,473	5,032	9,505	560	1,118	11,183
Interest	-	-	-	1,409	-	1,409
IT and software	10,550	6,684	17,234	2,221	6,143	25,598
Occupancy	148,949	174,122	323,071	18,618	37,237	378,926
Other	530	-	530	2,108	-	2,638
Payroll processing fees	-	-	-	6,842	-	6,842
Postage and delivery	51	196	247	704	11	962
Production costs	5,066	-	5,066	-	-	5,066
Supplies	738	468	1,206	156	430	1,792
Telecommunications	6,554	7,373	13,927	819	1,638	16,384
Travel & meals	1,868	-	1,868	2,169	-	4,037
Total direct expenses	227,324	251,795	479,119	86,508	61,082	626,709
Total expenses	\$ 528,781	\$ 597,991	\$ 1,126,772	\$ 158,831	\$ 128,029	\$ 1,413,632

See accompanying notes to the financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets/(deficit)	\$ (343,179)	\$ 202,192
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	13,590	6,828
Loan forgiveness recognized as contribution	-	(46,500)
Changes in assets and liabilities:		
Accounts receivable	17,386	(29,714)
Contributions receivable	219,968	361,827
Government grants receivable	(7,200)	(500)
Prepaid expenses	7,504	5,459
Accounts payable and accrued expenses	(11,369)	(8,768)
Security deposits payable	2,100	1,000
Deferred revenue	(7,049)	11,894
Deferred rent	27,360	80,160
Refundable advance	(214,142)	5,242
Capitalized interest on loan	9,572	-
Net cash provided/(used) by operating activities	<u>(285,459)</u>	<u>589,120</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,439)	(42,303)
Net cash provided/(used) by investing activities	<u>(6,439)</u>	<u>(42,303)</u>
Cash flows from financing activities:		
Loan proceeds	55,000	40,000
Repayment of loans payable	(55,000)	(166,500)
Net cash provided/(used) by financing activities	<u>-</u>	<u>(126,500)</u>
Net increase/(decrease) in cash	(291,898)	420,317
Cash at beginning of year	<u>423,645</u>	<u>3,328</u>
Cash at end of year	<u><u>\$ 131,747</u></u>	<u><u>\$ 423,645</u></u>
Supplemental information:		
Interest paid	\$ 1,268	\$ 1,409
Retirement of fully depreciated property & equipment	251,234	-

See accompanying notes to the financial statements.



TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: TADA! Theatre and Dance Alliance, Inc. (hereafter referred to as the Organization) is a not-for-profit corporation incorporated in the State of New York on June 21, 1985. 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.

Tax-exempt status: The Organization was granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) in December 1985. Accordingly, no provision for federal, state, or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions.

Major sources of income: The Organization's programs are supported primarily by class tuition, workshop fees, box office income, and space rental, as well as by government, foundation, individual, and corporate contributions.

Programs and services provided: The Organization's major program areas include the following:

Theatre/Ensemble – Producing 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. The Organization is also developing new musicals to be produced in future years. The Organization also offers 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 theaters in NYC.

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Programs and services provided (continued):

Education – The Organization offers weekly semester classes for children 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 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 & 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 and private schools as well as community centers throughout the New York metro area.

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates and assumptions: Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Receivables: Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The allowance for bad debt is maintained at a level that, in management's judgment, is adequate to absorb uncollectible receivables. The amount of the allowance is based on the age of the receivables and management's analysis of individual balances. As of August 31, 2022 and 2021, management has determined that future bad debts are likely to be immaterial and has not recorded an allowance for bad debt.

Property and equipment: The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from five to seven years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net assets: Net assets, revenue, 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. This classification includes net assets designated by the board or management for a specified purpose.

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 (endowment), where the donor stipulates that resources be maintained in perpetuity.

Functional expense allocation: The direct costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and statements of expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses based on estimated time and effort. Other expenses, such as occupancy, insurance, telecommunications, depreciation, supplies, bank charges and processing fees, advertising and promotion, equipment costs, and IT and software, are allocated based on usage. The Organization classifies expenses which are not directly related to a specific program as Management and General expenses.

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenue recognition: The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. At August 31, 2022 and 2021, other than the SBA PPP funds discussed separately below, the Organization did not have any conditional pledges that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of box office income, theater facility rentals, and tuition and workshops. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

The Organization received grants and contracts from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange-type grant, all unreimbursed expenses for approved expenses as of year-end are recorded as receivables, and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

During the year ended August 31, 2020, the Organization received a \$208,900 Paycheck Protection Program grant from the U.S. Small Business Administration and chose to defer the revenue recognition of this amount until the Organization receives confirmation that it has successfully met the grant conditions. During the year ended August 31, 2021, the Organization received confirmation that it has successfully met the grant conditions and has recognized the amount as government grant revenue.

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued):

During the year ended August 31, 2021, the Organization received a \$214,142 Paycheck Protection Program grant from the U.S. Small Business Administration and has chosen to defer the revenue recognition of this amount until the Organization receives confirmation that it has successfully met the grant conditions. The amount is listed as a refundable advance on the accompanying statement of financial position for the year ended August 31, 2021. During the year ended August 31, 2022, the Organization received confirmation that it has successfully met the grant conditions and recognized the amount as government grant revenue.

During the year ended August 31, 2022, the Organization received amounts totaling \$49,264 for the Employee Retention Credit (ERC). The amounts are included with government grants and contracts on the statement of activities for the year ended August 31, 2022.

Advertising and promotion costs: The Organization uses advertising in its various programmatic campaigns. The production costs of advertising are expensed as incurred. For the years ended August 31, 2022 and 2021, advertising and promotion costs totaled \$42,856 and \$38,025, respectively.

2. Receivables

As of August 31, 2022 and 2021, receivables are expected to be collected in the following periods:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 67,954	\$ 266,108
Between one to two years	-	32,000
Total	<u>\$ 67,954</u>	<u>\$ 298,108</u>

Due to low interest rates, management has determined that discounting long-term receivables at August 31, 2021, is immaterial.

3. Property and Equipment

Property and equipment by major class consisted of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ -	\$ 32,764
Equipment	75,160	257,733
Leasehold improvements	-	29,021
	<u>75,160</u>	<u>319,518</u>
Less: Accumulated depreciation and amortization	(31,718)	(268,925)
	<u>\$ 43,442</u>	<u>\$ 50,593</u>

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

4. Net Assets With Donor Restrictions

As of August 31, 2022 and 2021, net assets with donor restrictions are available as follows:

	<u>2022</u>	<u>2021</u>
Resident Youth Ensemble	\$ -	\$ 50,000
Playwriting prizes/fellowships	14,485	-
Mrs. McThing Production	2,618	-
2022 activities	-	581,561
2023 activities	<u>31,000</u>	<u>32,000</u>
Total	<u>\$ 48,103</u>	<u>\$ 663,561</u>

5. Loan Payable and Line of Credit

In June 2020, the Organization received a \$150,000 loan from the United States Small Business Administration (SBA). The loan charges an annual interest rate of 2.75%. Monthly payments are due to start in December 2022 and the loan matures in June 2050, at which point any remaining balance on the loan is due. Each payment is first applied to accrued interest and the remaining balance of the payment, if any, is then applied to the principal balance. The loan is secured by all of the assets of the Organization. As of August 31, 2022, \$9,572 has been recorded as accrued interest on the loan.

As of August 31, 2022, minimum annual loan payments, including implied interest on the SBA loan, are as follows:

Year ended August 31, 2023	\$ 7,692
2024	7,692
2025	7,692
2026	7,692
2027	7,692
2028 through 2050	<u>197,259</u>
	235,719
Less interest	<u>(76,147)</u>
	<u>\$ 159,572</u>

The Organization has a \$75,000 credit line with a financial institution that is scheduled to mature on November 2, 2023, and is secured by all of the assets of the Organization. The line of credit charges a variable rate of interest with a minimum annual interest rate of 3.25%. This line of credit was not drawn upon during the year ended August 31, 2021. During the year ended August 31, 2022, the Organization received \$55,000 of proceeds from this line of credit, all of which were repaid during the year, leaving the balance to be \$0 as of August 31, 2022.

TADA! THEATRE AND DANCE ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS

6. Commitments

The Organization leases office space under a noncancelable operating lease, which is scheduled to expire on August 31, 2025. Total rent and related expenses charged to operations for the years ended August 31, 2022 and 2021, was \$396,798 and \$378,926, respectively. As of August 31, 2022, minimum aggregate annual rentals are as follows:

Year ended August 31, 2023	\$ 382,800
2024	400,800
2025	414,000

7. Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended August 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Tuition and workshops	\$ 209,570	\$ 216,003
Space rental	77,764	21,721
Box office sales	22,915	680

The following table provides information about significant changes in the contract liabilities for the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred tuition and workshops, beginning of the year	\$ 22,855	\$ 10,961
Revenue recognized that was included in deferred tuition and workshops, at beginning of year	(22,855)	(10,961)
Increase in deferred tuition due to cash received during the period	15,806	10,855
Increase in deferred space rental due to cash received during the period	<u>-</u>	<u>12,000</u>
Deferred tuition and workshops and space rental, end of the year	<u>\$ 15,806</u>	<u>\$ 22,855</u>

8. Government Grants and Contracts

The Organization received grants and contracts from governmental entities. The total revenue recognized under the grants for the years ended August 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
New York City	\$ 370,667	\$ 97,250
New York State	49,500	-
Federal - other	57,957	537,409
U.S. SBA Paycheck Protection Program	<u>214,142</u>	<u>208,900</u>
	<u>\$ 692,266</u>	<u>\$ 843,559</u>

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9. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. In the event of an unanticipated liquidity need, the Organization could also draw upon \$75,000 of an available line of credit (as further discussed in Note 5).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of August 31, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 131,747	\$ 423,645
Receivables	<u>67,954</u>	<u>298,108</u>
Total financial assets	199,701	721,753
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	(-)	(32,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 199,701</u>	<u>\$ 689,753</u>

10. Concentrations

The Organization maintains its bank accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per financial institution. At times, the balances of the accounts may have exceeded the insured limits during the years ended August 31, 2022 and 2021.

11. Net Assets Deficit

As of August 31, 2022 and 2021, the Organization has a deficit in net assets without donor restrictions of \$38,968 and \$311,247, respectively. The Organization's ability to pay its operating bills without using restricted funds is based on increasing revenue without donor restrictions.

12. Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date the financial statements were available to be issued, to evaluate whether any such events warrant adjustment to any reported amounts or inclusion of additional disclosures. No such adjustments or disclosures were judged to be necessary.