

BROADWAY BOUND KIDS, INC.

**FINANCIAL STATEMENTS
AND
ACCOUNTANTS' REPORT**

AUGUST 31, 2023 AND 2022

BROADWAY BOUND KIDS, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: The Board of Directors of
Broadway Bound Kids, Inc.

We have reviewed the accompanying statements of financial position of Broadway Bound Kids, Inc., a not-for-profit organization, as of August 31, 2023 and 2022, and the related statements of activities, expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Broadway Bound Kids, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, PC

New York, NY
June 10, 2024

**BROADWAY BOUND KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 78,827	\$ 132,159
Certificate of deposit	150,000	-
Program service revenue and grant receivables	32,130	25,010
	<u>\$ 260,957</u>	<u>\$ 157,169</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,018	\$ 8,660
Deferred revenue	57,158	-
Loan payable	129,432	150,000
Total liabilities	<u>193,608</u>	<u>158,660</u>
Net Assets/(Deficit):		
Without donor restrictions	57,349	(1,491)
With donor restrictions	10,000	-
Total net assets/(deficit)	<u>67,349</u>	<u>(1,491)</u>
Total liabilities and net assets	<u>\$ 260,957</u>	<u>\$ 157,169</u>

**See independent accountants' review report
and accompanying notes.**

**BROADWAY BOUND KIDS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Special events:						
Income	\$ 6,533	\$ -	\$ 6,533	\$ 1,734	\$ -	\$ 1,734
Less: related direct costs	(1,857)	-	(1,857)	(562)	-	(562)
Net special event income	4,676	-	4,676	1,172	-	1,172
Program service revenue	633,373	-	633,373	536,468	-	536,468
Contributions	49,770	10,000	59,770	50,585	-	50,585
Government grants	80,340	-	80,340	-	-	-
Total support and revenues	768,159	10,000	778,159	588,225	-	588,225
Expenses:						
Program services	586,446	-	586,446	479,256	-	479,256
Management and general	75,173	-	75,173	75,684	-	75,684
Fundraising	47,700	-	47,700	47,829	-	47,829
Total expenses	709,319	-	709,319	602,769	-	602,769
Increase/(decrease) in net assets	58,840	10,000	68,840	(14,544)	-	(14,544)
Net assets/(deficit), beginning of year	(1,491)	-	(1,491)	13,053	-	13,053
Net assets/(deficit), end of year	\$ 57,349	\$ 10,000	\$ 67,349	\$ (1,491)	\$ -	\$ (1,491)

**See independent accountants' review report
and accompanying notes.**

**BROADWAY BOUND KIDS, INC.
STATEMENT OF EXPENSES
YEAR ENDED AUGUST 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 60,272	\$ 43,080	\$ 22,045	\$ 125,397
Payroll taxes and benefits	5,276	2,878	1,439	9,593
Consultants and contractors	449,682	16,036	20,197	485,915
Insurance	7,191	1,313	-	8,504
Interest	-	5,156	-	5,156
Marketing and promotion	3,548	-	843	4,391
Office expenses	19,645	5,611	2,558	27,814
Professional development	4,685	-	-	4,685
Program expenses - other	16,926	-	-	16,926
Rent - short term facilities	13,980	1,080	240	15,300
Supplies	929	-	327	1,256
Travel and meetings	4,312	19	51	4,382
Total expenses	<u>\$ 586,446</u>	<u>\$ 75,173</u>	<u>\$ 47,700</u>	<u>\$ 709,319</u>

**See independent accountants' review report
and accompanying notes.**

**BROADWAY BOUND KIDS, INC.
STATEMENT OF EXPENSES
YEAR ENDED AUGUST 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 131,119	\$ 56,782	\$ 38,477	\$ 226,378
Payroll taxes	9,657	5,267	2,634	17,558
Consultants and contractors	276,926	-	1,960	278,886
Insurance	4,042	3,355	-	7,397
Interest	-	4,225	-	4,225
Marketing and promotion	3,839	677	834	5,350
Office expenses	4,130	3,291	2,415	9,836
Professional development	2,438	834	-	3,272
Program expenses - other	27,894	-	-	27,894
Rent - short term facilities	15,848	1,080	240	17,168
Supplies	501	100	1,069	1,670
Travel and meetings	2,862	73	200	3,135
Total expenses	<u>\$ 479,256</u>	<u>\$ 75,684</u>	<u>\$ 47,829</u>	<u>\$ 602,769</u>

**See independent accountants' review report
and accompanying notes.**

BROADWAY BOUND KIDS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 68,840	\$ (14,544)
(Increase)/decrease in assets:		
Program service revenue and grant receivables	(7,120)	40,900
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(1,642)	(11,018)
Deferred revenue	57,158	-
Net cash provided by operating activities	117,236	15,338
Cash flows from investing activities:		
Purchase of certificate of deposit	(150,000)	-
Net cash used by investing activities	(150,000)	-
Cash flows from financing activities:		
Payments on loan payable	(20,568)	-
Net cash used by financing activities	(20,568)	-
Net increase/(decrease) in cash	(53,332)	15,338
Cash, beginning of year	132,159	116,821
Cash, end of year	\$ 78,827	\$ 132,159
Supplemental cash flow information:		
Interest paid on loan payable	\$ 12,124	\$ -

**See independent accountants' review report
and accompanying notes.**

BROADWAY BOUND KIDS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Organization

Broadway Bound Kids, Inc. (the Organization), a not-for-profit organization, was incorporated in the State of New York on December 22, 2016. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and 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. The Organization primarily receives its support from program service fees, government grants and contributions.

The primary mission of the Organization is to inspire and empower kids of all ages through the performing arts. The Organization offers in-school and after-school residencies and classes, Saturday classes, trips to see Broadway shows, summer programs, master classes with Broadway performers and free community theater programs (Community Theater Ensembles) for students who don't have access to the performing arts.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. 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 differ from those estimates.

Certificate of Deposit

The Organization holds a certificate of deposit which is intended to be held to maturity in July 2024. The Organization reports the certificate of deposit at cost, which approximates fair value, and, as such, is not required to be classified in one of the levels prescribed by the US GAAP fair value hierarchy.

Reclassification

Certain amounts in the 2022 financial statements and notes have been reclassified to conform to the 2023 presentation.

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. All receivables are expected to be collected within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

BROADWAY BOUND KIDS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor (which may include certain grantor) 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 restrictions. This classification includes net assets designated by the board or management for a specified purpose or for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions. Some donor 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 restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

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 meeting these conditions are reported as refundable advances in the statements of financial position. At August 31, 2023 and 2022, 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 revenue 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 revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires, 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 theater enrichment activities. The Organization's programs are generally performed over varying number of sessions and, as such, revenue is recognized ratably over the program. Generally, at the end of the program, an invoice is generated and sent to the participant for payment; however, summer programs and certain other programs are invoiced in advance. Any payments not received by fiscal year-end are reported as program service revenue receivable in the accompanying statements of financial position. Refunds are generally not provided; credits for another session may be offered for missed sessions or other reasons.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred revenue.

BROADWAY BOUND KIDS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, the grant 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 purposes 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses and consultants and contractors based on estimated time and effort. Other expenses, such as marketing and promotion, office expenses, rent, supplies and travel and meetings, are allocated based on usage. The Organization classifies expenses which are not directly related to a specific program as management and general expenses.

Note 2 - Concentrations

The Organization maintains its checking account and certificate of deposit with a major financial institution. The Federal Deposit Insurance Corporation insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts may have exceeded the insurance limits during the years ended August 31, 2023 and 2022.

For the years ended August 31, 2023 and 2022, approximately 21% and 42%, respectively, of the Organization's total revenue was provided by one government agency. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing services at the same level would be greatly diminished.

**BROADWAY BOUND KIDS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Loan Payable

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 started in June 2022 and will continue for 30 years from date of loan. As of August 31, 2023 and 2022, the outstanding principal balance of the SBA loan was \$129,432 and \$150,000, respectively.

As of August 31, 2023, minimum annual loan payments, including interest on the loan, are as follows:

Year ending August 31, 2024		\$	7,692
2025			7,692
2026			7,692
2027			7,692
2028			7,692
2029 through 2050			162,758
Subtotal			201,218
Less: interest			(71,786)
			\$ 129,432

Note 4 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended August 31, 2023 and 2022, is as follows:

	2023	2022
NYC Department of Education Partnership	\$ 352,034	\$ 249,480
Tuition	281,339	286,988
	\$ 633,373	\$ 536,468

As of August 31, 2023 and 2022, program service receivables related to tuition amounted to \$19,000 and 25,010, respectively. As of August 31, 2023, there was \$57,158 of deferred revenue related to tuition.

The following table provides information about significant changes in deferred revenue for the year ended August 31, 2023:

Deferred revenue - tuition, beginning of year		\$	-
Revenue recognized that was included in deferred revenue - tuition at beginning of year			-
Increase in deferred revenue - tuition due to cash received during the period			57,158
Deferred revenue - tuition, at end of year			\$ 57,158

Note 5 - Government Grants

Government grants for the year ended August 31, 2023 consist of grants from New York State in the amount of \$50,000 and from New York City in the amount of \$30,340.

BROADWAY BOUND KIDS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 - Related Party Transactions

During the years ended August 31, 2023 and 2022, a member of the board of directors was paid for services and received approximately \$36,543 and \$11,790 from the Organization, respectively.

Note 7 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. 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, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor or internal restrictions and designations:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 78,827	\$ 132,159
Certificate of deposit	150,000	-
Receivables	<u>32,130</u>	<u>25,010</u>
Total financial assets	260,957	157,169
Less those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 260,957</u>	<u>\$ 157,169</u>

Note 8 - Net Assets with Donor Restrictions

As of August 31, 2023, net assets with donor restrictions are available as follows:

Restricted for fiscal year 2024 activities	<u>\$ 10,000</u>
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There were no net assets with donor restrictions as of August 31, 2022.

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through June 10, 2024, which is the date the financial statements were available to be issued.