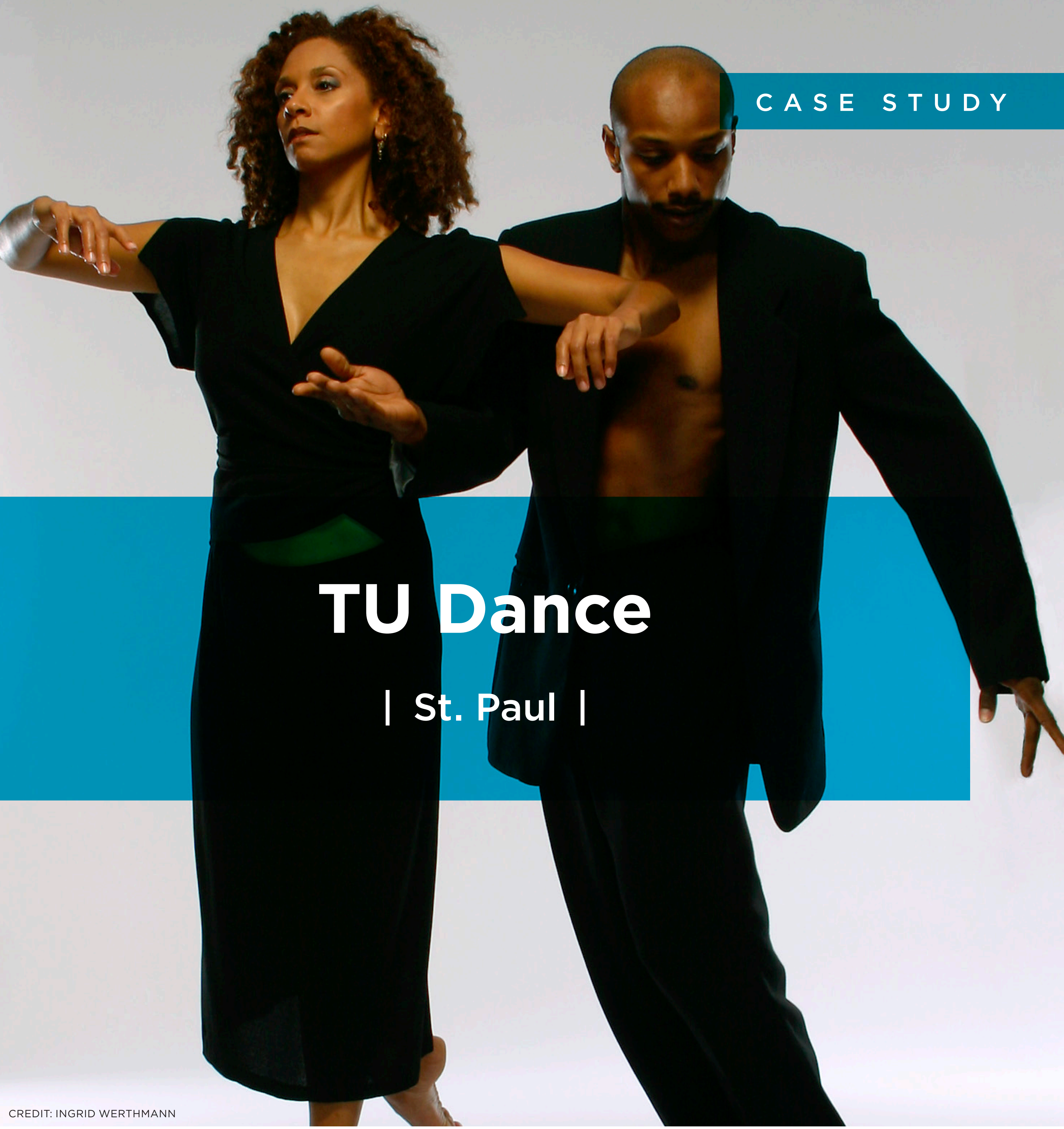
CASE STUDY

TU Dance

| St. Paul |



CREDIT: INGRID WERTHMANN

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LESSON

Build financial knowledge throughout the organization, and convey the joys of embracing and practicing financial rigor.

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CREDIT: MICHAEL SLOBODIAN

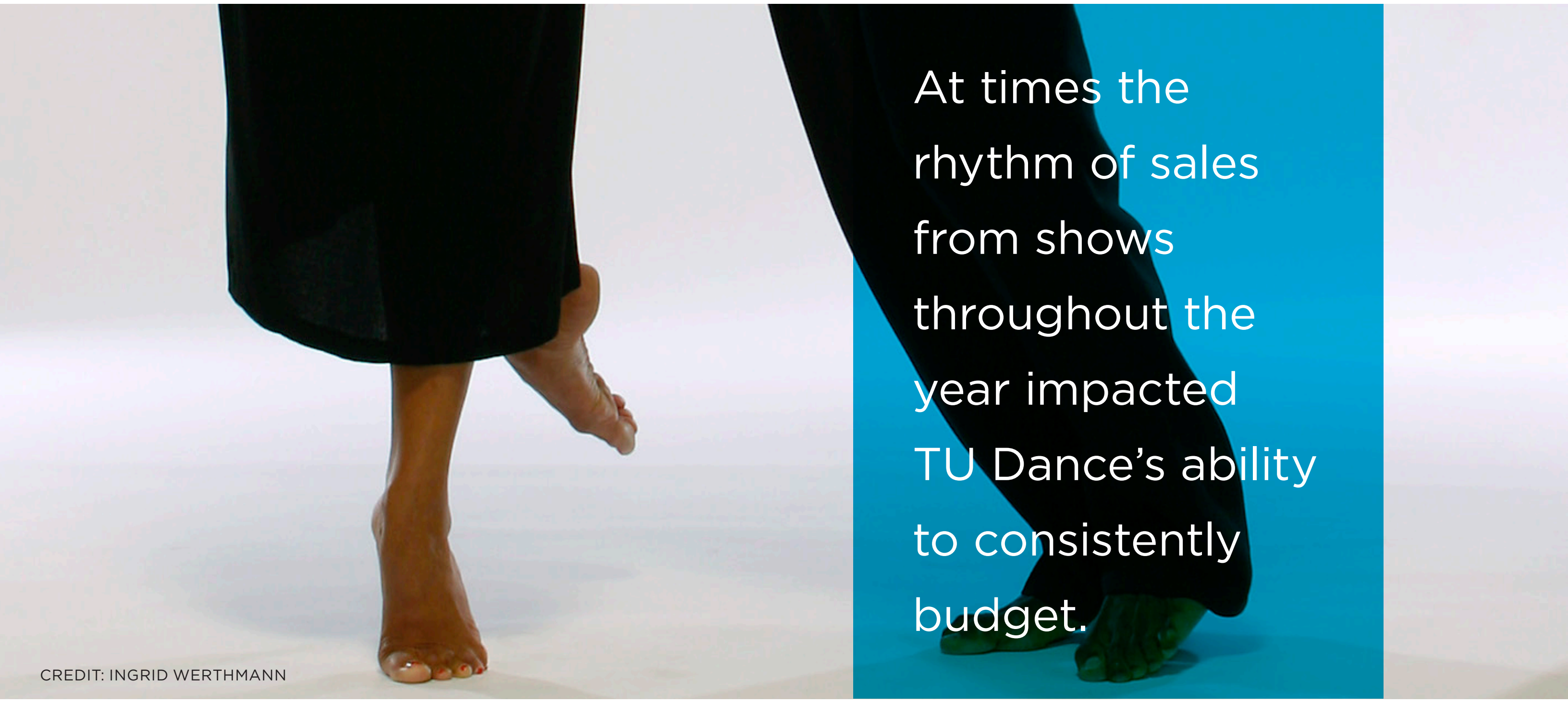
Critics and audiences in the Twin Cities have lauded for years the performances of TU Dance, a nonprofit performance company with an emphasis on graceful choreography, tasteful production standards, and a dedication to diversity in its dancers and choreographers that both leads in the region and serves as an inspiration—in particular for young dancers of color. Beginning in 2011, the company opened TU Dance Center in St. Paul, which is now home for its daily classes, rehearsals and administrative offices, and is open for rentals.

TU Dance had enjoyed a period of substantial growth, seeing its support grow more than triple-fold this decade. Propel Nonprofits' history with the company goes back to 2006, with a working capital loan. Bridge loans and lines of credit were agreed to in subsequent years. During this time, TU Dance's brand has expanded and audiences have increased, along with budgets. Previous to this well-earned period of expansion, the company tended to operate with a break-even budget culture without accumulating cash reserves. It wasn't until the end of 2012 that TU Dance saw a surplus and overall net positive assets.

“This company started as projects: Let’s just get together,” says TU Dace managing director Abdo Sayegh-Rodriguez. “These people here aren’t going to get paid, your piece will be to cover your expenses and not to make any money.”

While the company’s performances were universally well-regarded and led by dancers Toni Pierce-Sands and Uri Sands, who both also serve as artistic directors, they were scattered throughout the year. At times the rhythm of sales from shows throughout the year impacted TU Dance’s ability to consistently budget.

“When I took the position, there was a debt of $48,000 due to revenue that was never



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realized because a project fell through,” says Sayegh-Rodriguez, who began as an interim managing director in late 2012. “At that time we had to get two loans for payroll and to continue functioning.”

A PATH TO ELIMINATING DEBT

At this stage, Propel Nonprofits became involved with a loan intended for TU Dance to begin eliminating its debt. While on the edge of significant growth, the company's financial culture hadn't evolved to place it on more solid footing.

"During our first meeting with Propel Nonprofits, our question was, how are we going to pay this loan?" says Sayegh-Rodriguez. "The issue was that we had to make a payment of $7K that month and we didn't have it. We scheduled this meeting and we were told," This should not create a problem. I'm here to help you, I left with a lot of homework—cash-flow projections and numbers."

Since its beginning, TU Dance leadership has understood the need and importance of financial stability, which secures the level of excellence that they have on all projects and programming.

Companies face new challenges as the numbers grow larger and the need for planning and rigor increase in tow. "Most companies started very small, with a lot of favors," Sayegh-Rodriguez says. "We need copies, and the husband of one of the dancers can get them made for free. But the issue is when the projects become overwhelming—there can be someone who has this beautiful idea, but then that idea becomes an issue with the budget. We have $5,000 budgeted for the set, for example, but then you get an estimate that it's going to cost $10,000."

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Sayegh-Rodriguez, himself a professional dancer for 25 years, emphasizes that what he's talking about isn't giving less priority to the art—while he talks approvingly about bringing coffee from home for a VIP donor event rather than spending money on a caterer, and going to Costco for a bargain price on floors for TU Dance's offices, he also says that TU Dance needs to increase payment for dancers in order to bring in more talent from outside the Twin Cities.

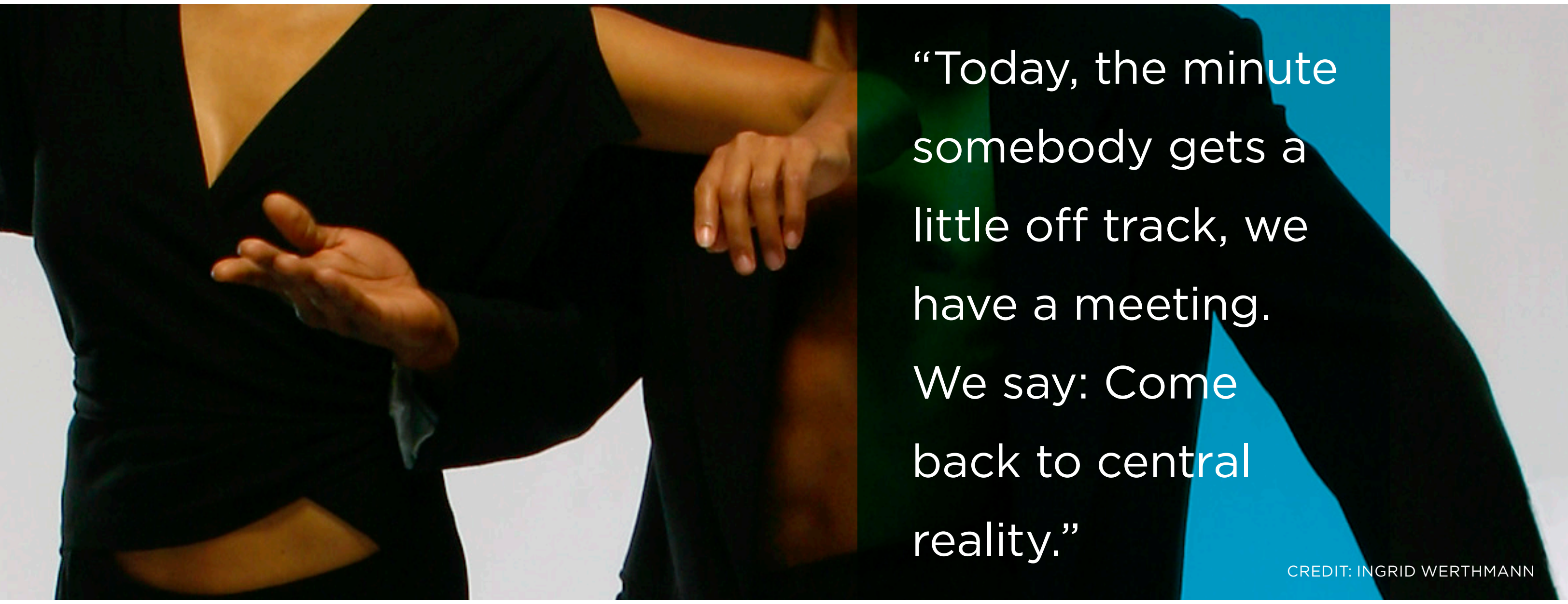
CHANGING THE LANDSCAPE IN MINNESOTA

TU Dance's budget in recent years has almost doubled, now reaching nearly $1 million. A capital campaign last year raised $30K for expanded offices and a second studio. Walking into TU Dance Center on a weekday afternoon, the place is bustling with a multi-cultural crowd of young people—many who are on scholarships. TU Dance's mission of bringing dance to diverse audiences and young people is dovetailing with its educational effort in concrete ways.

"What is very central to us is putting on stage highly qualified dancers that represent our community," Sayegh-Rodriguez says. "We are changing the landscape of dance in Minnesota. Our students are getting into universities with national reputations: N.Y.U., Fordham, Arizona State."

Over the course of the last few years, TU Dance has run surpluses and been able to successfully budget a cash reserve. The company is currently considering expanding the space it rents, and weighing cost-revenue trade-offs. Sayegh-Rodriguez describes a financial culture that has become razor-focused on smart spending—in particular, getting away from the culture of a smaller nonprofit in which all cash available is budgeted out and spent.

"A lot of companies get in trouble because of debts escalating, layoffs, furloughs," Sayegh-Rodriguez says. "Here we are very clear. We all understand every part of an artistic dance organization. Today, the minute somebody gets a little off track, we have a meeting. We say: *Come back to central reality.*"



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LOAN INFORMATION

Relationship Since	2006
Loan Purpose	Working capital to support a national tour
Structure	$25,000 revolving line of credit
Collateral	$80,800 contributions receivable
Underwriting Considerations	Rapid growth, working capital challenges
Risk Mitigation	Strong business manager, strong board of directors and strong funder relationships
Technical Assistance	Restricted funds and accrual accounting

ORGANIZATION INFORMATION

Budget	$936,000
Number of employees	10.92
Impact	Professional dance company, dance lessons and space work together to build community in the area surrounding the space

Propel Nonprofits' mission is to fuel the impact and effectiveness of nonprofits with guidance, expertise, and capital. Propel Nonprofits was created from the merger of Nonprofits Assistance Fund and MAP for Nonprofits. It serves nonprofit organizations in Minnesota and the adjacent states of Wisconsin, Iowa, North Dakota, and South Dakota.

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