



**National Foundation for
Advancement in the Arts, Inc. and
Subsidiaries D/B/A YoungArts**

Consolidated Financial Statements and
Supplemental Information
Years Ended June 30, 2023 and 2022

**National Foundation for Advancement in the Arts, Inc. and
Subsidiaries D/B/A YoungArts**

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National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

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Independent Auditor's Report

To the Board of Trustees
National Foundation for Advancement in the Arts, Inc.
and Subsidiaries d/b/a YoungArts
Miami, Florida

Opinion

We have audited the consolidated financial statements of National Foundation for Advancement in the Arts, Inc. and Subsidiaries d/b/a YoungArts ("YoungArts"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of YoungArts as of June 30, 2023 and 2022, 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 audit 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 Consolidated Financial Statements* section of our report. We are required to be independent of YoungArts 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YoungArts' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 YoungArts' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YoungArts' 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to



prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

Miami, Florida
November 13, 2023

Consolidated Financial Statements

**National Foundation for Advancement in the Arts, Inc. and Subsidiaries
D/B/A YoungArts**

Consolidated Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 6,829,199	\$ 5,417,288
Pledges receivable, net	1,290,756	1,128,816
Other receivables	36,453	312,671
Prepaid expenses and other assets	396,586	339,642
Interest in charitable remainder unitrust	121,834	118,681
Investments	48,446,319	47,485,363
Property and equipment, net	25,868,384	25,850,714
Total Assets	82,989,531	80,653,175
Liabilities and Net Assets		
Liabilities		
Accounts payable, accrued expenses and other liabilities	527,322	641,306
Total Liabilities	527,322	641,306
Commitments And Contingencies (Note 13)		
Net Assets		
Without donor restrictions:		
Undesignated	33,725,002	32,828,945
Board-designated	5,593,114	5,223,517
Total Net Assets Without Donor Restrictions	39,318,116	38,052,462
With Donor Restrictions	43,144,093	41,959,407
Total Net Assets	82,462,209	80,011,869
Total Liabilities and Net Assets	\$ 82,989,531	\$ 80,653,175

See accompanying notes to consolidated financial statements.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Consolidated Statements of Activities

Year ended June 30,	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support:						
Contributions	\$ 9,358,203	\$ 1,008,101	\$ 10,366,304	\$ 8,479,915	\$ 308,986	\$ 8,788,901
Government grants	356,771	-	356,771	252,069	-	252,069
In-kind contributions	180,287	-	180,287	146,561	-	146,561
Total Support	9,895,261	1,008,101	10,903,362	8,878,545	308,986	9,187,531
Special Events:						
Current year underwritings/sponsorships and tickets and sales	1,657,397	-	1,657,397	1,968,620	-	1,968,620
Other Revenues:						
Applications	207,150	-	207,150	197,194	-	197,194
Other revenues and (losses) gains, net	(64,185)	3,153	(61,032)	(68,873)	(26,912)	(95,785)
Total Other Revenues	142,965	3,153	146,118	128,321	(26,912)	101,409
Net Investment Gains (Losses)	369,597	2,855,823	3,225,420	(758,332)	(6,044,563)	(6,802,895)
Net Assets Released from Restrictions	2,682,391	(2,682,391)	-	3,053,000	(3,053,000)	-
Total Support, Special Events, Other Revenues and Net Investment Gains (Losses)	\$ 14,747,611	\$ 1,184,686	\$ 15,932,297	\$ 13,270,154	\$ (8,815,489)	\$ 4,454,665

See accompanying notes to consolidated financial statements.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Consolidated Statements of Activities

Year ended June 30,	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Expenses:						
YoungArts program	\$ 10,279,060	\$ -	\$ 10,279,060	\$ 8,401,736	\$ -	\$ 8,401,736
General and administrative	1,152,535	-	1,152,535	827,198	-	827,198
Advancement	2,050,362	-	2,050,362	2,031,193	-	2,031,193
Total Expenses	13,481,957	-	13,481,957	11,260,127	-	11,260,127
Change in Net Assets	1,265,654	1,184,686	2,450,340	2,010,027	(8,815,489)	(6,805,462)
Net Assets, beginning of year	38,052,462	41,959,407	80,011,869	36,042,435	50,774,896	86,817,331
Net Assets, end of year	\$ 39,318,116	\$ 43,144,093	\$ 82,462,209	\$ 38,052,462	\$ 41,959,407	\$ 80,011,869

See accompanying notes to consolidated financial statements.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Consolidated Statements of Functional Expenses

Year ended June 30,	2023				2022			
	Supporting Services				Supporting Services			
Programs/Functions	YoungArts Program	General and Administrative	Advancement	Total	YoungArts Program	General and Administrative	Advancement	Total
Salaries and benefits	\$ 3,839,540	\$ 473,000	\$ 894,607	\$ 5,207,147	\$ 3,297,072	\$ 384,199	\$ 994,915	\$ 4,676,186
Advertising	70,175	-	-	70,175	81,583	1,253	-	82,836
Bad debt expense	-	83,430	-	83,430	-	-	-	-
Bank charges and fees	(273)	12,382	-	12,109	9,362	17,073	156	26,591
Campus operating expenses	712,392	80,954	16,191	809,537	761,959	86,586	17,317	865,862
Depreciation and amortization	380,602	43,250	8,651	432,503	312,651	35,529	7,106	355,286
Equipment rentals and maintenance	124,010	64,956	54,488	243,454	160,217	64,128	57,782	282,127
Grants, awards and stipends	1,079,689	-	-	1,079,689	1,121,175	-	-	1,121,175
Independent contractors	318,074	10,952	2,715	331,741	157,771	-	-	157,771
Insurance and taxes	518,014	62,080	16,463	596,557	458,623	49,518	17,847	525,988
In-kind expenses	107,013	21,694	51,580	180,287	10,000	4,823	131,738	146,561
Materials, supplies and services	651,690	76,410	48,286	776,386	201,753	39,058	25,853	266,664
Postage and distribution	30,732	1,706	1,068	33,506	32,170	2,087	3,235	37,492
Printing, design and photo	153,427	1,233	11,756	166,416	171,600	532	9,251	181,383
Professional fees	450,087	193,842	28,632	672,561	690,438	130,800	76,358	897,596
Program and event consultants	764,675	2,000	5,760	772,435	685,452	-	-	685,452
Rental facilities	30,850	-	-	30,850	9,321	-	-	9,321
Special events	24,253	33	864,084	888,370	-	-	666,520	666,520
Telephone	21,083	12,556	7,726	41,365	34,066	2,745	8,932	45,743
Travel	1,003,027	12,057	38,355	1,053,439	206,523	8,867	14,183	229,573
Total Expenses	\$ 10,279,060	\$ 1,152,535	\$ 2,050,362	\$ 13,481,957	\$ 8,401,736	\$ 827,198	\$ 2,031,193	\$ 11,260,127

See accompanying notes to consolidated financial statements.

**National Foundation for Advancement in the Arts, Inc. and Subsidiaries
D/B/A YoungArts**

Consolidated Statements of Cash Flows

<i>Year ended June 30,</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,450,340	\$ (6,805,462)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	432,503	355,286
Bad debt	83,430	-
Pledge present value discount adjustment	26,117	69,392
Unrealized (gains) losses from investments, net	(1,074,718)	10,585,923
Realized gains from investments, net	(1,342,816)	(3,366,730)
Unrealized (gains) losses in interest in charitable remainder unitrust	(3,153)	26,912
Changes in operating assets:		
Pledges receivable, net	(271,487)	127,410
Other receivables, net	276,218	(267,164)
Prepaid expenses and other assets	(56,944)	71,381
Changes in operating liabilities:		
Accounts payable, accrued expenses and other liabilities	(113,984)	(280,436)
Total Adjustments	(2,044,834)	7,321,974
Net Cash Provided by Operating Activities	405,506	516,512
Cash Flows from Investing Activities:		
Purchases of property and equipment	(450,173)	(800,682)
Purchases of investments	(957,575)	(1,914,445)
Proceeds from sales of investments	2,414,153	2,341,774
Net Cash Provided by (Used in) Investing Activities	1,006,405	(373,353)
Net Increase in Cash and Cash Equivalents	1,411,911	143,159
Cash and Cash Equivalents, beginning of year	5,417,288	5,274,129
Cash and Cash Equivalents, end of year	\$ 6,829,199	\$ 5,417,288
Supplemental Disclosure of Non-Cash Transactions:		
In-kind	\$ 180,287	\$ 146,561

See accompanying notes to consolidated financial statements.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

1. General and Summary of Significant Accounting Policies

Organization Structure

The National Foundation for Advancement in the Arts, Inc. d/b/a YoungArts (“NFAA”) is a non-profit organization under the Florida Not-For-Profit Corporation Act and is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code. It identifies exceptional young artists, amplifies their potential and invests in their lifelong creative freedom. Management believes that NFAA qualifies for the charitable contribution deduction and has been classified as a foundation that is not a private foundation.

On August 28, 2013, NFAA became the sole member of National YoungArts Foundation Campus, LLC (“the LLC”). NFAA contributed 100% of its interest in its newly purchased facilities to the LLC in exchange for a 100% interest in the LLC. As a limited liability company, liability is limited to amounts reflected in the member account. The LLC shall have a perpetual existence until it is dissolved, and its affairs are wound up in accordance with the respective operating agreement. On June 30, 2016, NFAA transferred its interest in the LLC to the National YoungArts Foundation Supporting Organization (“NYFSO”), a separate non-profit organization. NYFSO, through its subsidiary the LLC, then entered into a lease agreement with NFAA whereby NFAA rents the campus’ real and personal property (including buildings, land and furniture) from the LLC.

Basis of Accounting

The consolidated financial statements include the accounts of NFAA, NYFSO, and the latter’s subsidiary, the LLC. (collectively referred to as “YoungArts”). NYFSO owns 100% of the membership interest in the LLC, and the LLC owns the campus’ real property and improvements. The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany accounts and transactions have been eliminated in the consolidation.

Consolidated Financial Statement Presentation

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of YoungArts’ management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of YoungArts or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Concentration of Revenue Source

For the years ended June 30, 2023 and 2022, two related entities, a trust and a foundation, provided more than 10% of total support, special events and other revenues, as follows:

<i>Year ended June 30,</i>	2023		2022	
<i>Recipient Entity</i>	Support	Percentage of Total Support	Support	Percentage of Total Support
NFAA	\$ 5,742,694	46%	\$ 5,407,823	48%
NYFSO	\$ 2,066,191	16%	\$ 2,113,695	19%

This includes in-kind contributions of approximately 0.17% and 0.04% of total support for the years ended June 30, 2023 and 2022, respectively. YoungArts relies upon the related entities continued support to fund operations.

Cash and Cash Equivalents

YoungArts considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents primarily consist of general checking and savings accounts. Money market funds which are included within investments are not included within cash and cash equivalents. YoungArts has restricted cash to be used for arts education programs.

Pledges Receivable, Net

Contributions are recognized when the donor makes a promise to give to YoungArts that is, in substance, unconditional. Pledges determined to be uncollectible during the year in which such pledges are received are shown as a reduction of contributions. Pledges determined to be uncollectible subsequent to the year in which such pledges are received are charged to the allowance for uncollectible pledges. The allowance for uncollectible pledges is based on YoungArts' historical pledge collection experience and management's evaluation of other pertinent factors. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Consolidated Statements of Financial Position. Investment gains (including gains and losses on investments, interest and dividends) are included in the Consolidated Statements of Activities as increases in net assets without donor restrictions unless the gains are restricted by donor or law. Investments in alternative investments are valued using the most recent valuation available from the respective external fund manager.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of amounts expended for insurance and other expenses to be used at a future date.

Property and Equipment, Net

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost, or if contributed, at fair value at the time of the donation and depreciated or amortized using the straight-line method over the estimated useful lives of the assets.

When assets are sold or retired, the cost and related accumulated depreciation or amortization are removed from the accounts and gains or losses, if any, are recognized currently. Repairs and maintenance are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair value.

Useful lives are as follows:

Building and building improvements	39 years
Furniture and equipment	3-7 years
Website and software	5 years
Vehicles	5 years

Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. YoungArts performs its review by comparing the carrying amounts of long-lived assets to the estimated undiscounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. YoungArts did not recognize any impairment on long-lived assets during the years ended June 30, 2023 and 2022.

Revenue Recognition

Contributions

Transfers of cash or other assets or settlements of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

assets transferred or a right of release of its obligation to transfer any assets in the event YoungArts fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of YoungArts unless specifically restricted by the donor. YoungArts reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as “Net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Grants Revenue

YoungArts receives all of its grants and contract revenues from various state and local agencies. Revenues from state and local agency grants and contracts are recorded in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”) and based upon terms of the grant agreements which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred or the allowable services are provided to program participants. Accordingly, YoungArts evaluates whether a transfer of asset is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. YoungArts records conditional contributions as a refundable advance for monies received in advance of the expenditure of allowable costs. As of June 30, 2023 and 2022, there were no conditional promises.

Special Events

Proceeds received from special events are recorded as revenue after the event has occurred.

In-Kind Contributions

Donated services are recognized as contributions if the services create or enhance a non-financial asset or require specialized skills and are performed by people with those skills or the costs of such services are paid on behalf of YoungArts, and such services would otherwise be purchased by YoungArts. YoungArts records these contributions at fair value and in the period the services are provided as both support and expense in the Consolidated Statements of Activities. Accordingly, YoungArts recognized approximately \$180,000 and \$147,000 of in-kind contributions during the years ended June 30, 2023 and 2022, respectively (Note 15). Volunteers contribute a wide array of services supporting all functions of YoungArts; however, these services do not meet the criteria for recognition.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Advertising

YoungArts expenses advertising costs when they are incurred. Advertising expense was approximately \$70,000 and \$83,000 for the years ended June 30, 2023 and 2022, respectively.

Expense Classifications

YoungArts Program: YoungArts encourages young artists by creating opportunities for them to advance in their artistic pursuits. The YoungArts program serves winners nationally, with programs in Miami and New York. Programming provides them with creative and professional development opportunities that include workshops, classes, exhibitions and performances. All costs associated with attending a program is fully covered for all participants by YoungArts. Program related expenses include artistic fees for teachers and directors, workshop materials and supplies, and transportation and housing.

General and Administrative: Expenses include the costs of operations of YoungArts which do not relate specifically to other functional categories but benefit all functions indirectly.

Advancement: Expenses include the costs of fundraising. These costs include payroll, occupancy and office expenses as well as the costs of certain fundraising events.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses such as depreciation and amortization, insurance and taxes, and other campus operating expenses are allocated among program and supporting services based on square footage. Personnel expenses are allocated on the basis of estimated time and effort.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires YoungArts to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These include, but are not limited to, the determination of the net realizable value of receivables, fair market value of investments and the useful lives of acquired assets. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

Financial instruments that potentially subject YoungArts to concentrations of credit risk consist principally of cash and cash equivalents and investments.

At times, such balances may be in excess of the insurance limits of the Federal Deposit Insurance Corporation. At June 30, 2023 and 2022, balances exceeded the insured limits by approximately \$6,718,000 and \$5,312,000, respectively. Although balances exceed the insured limits at times during the year, YoungArts has not experienced losses in such accounts.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. YoungArts has an investment policy and has hired professional investment advisors who report to the board of trustees and management and periodically review the investment portfolio to monitor these risks.

Tax Status

The National Foundation for Advancement in the Arts, Inc. and the National YoungArts Foundation Supporting Organization are separately registered with the Internal Revenue Service as non-profit organizations under Internal Revenue Code Section 501(c)(3) and, accordingly, are exempt from income taxes. The wholly owned subsidiary, National YoungArts Foundation Campus, LLC is considered a disregarded entity.

YoungArts recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where YoungArts files income tax returns. YoungArts is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2020.

2. Liquidity Management and Availability of Resources

YoungArts maintains an informal policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. YoungArts holds cash in various interest-bearing bank accounts with well-known financial institutions. Additionally, YoungArts has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of income to programs and operations supported by its endowments while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

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National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

YoungArts' financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 6,829,199	\$ 5,417,288
Pledges receivable, net	1,290,756	1,128,816
Other receivables	36,453	312,671
Investments	48,446,319	47,485,363
Total Financial Assets Available Within One Year	56,602,727	54,344,138
Less: amounts unavailable for general expenditures within one year due to:		
Net assets restricted by donors for specific purposes and programs	(1,237,326)	(684,011)
Donor-restricted endowment funds	(41,784,933)	(41,156,715)
Less: amounts unavailable to management without Board approval		
Board designated - endowment	(5,593,114)	(5,223,517)
Total Financial Assets Available to Management	\$ 7,987,354	\$ 7,279,895

3. Pledges Receivable, Net

Pledges receivable, net are summarized as follows:

<i>June 30,</i>	2023	2022
Gross pledges receivable	\$ 1,491,406	\$ 1,222,049
Less: Allowance for doubtful accounts	(100,000)	(18,700)
Less: Discount on long-term pledges	(100,650)	(74,533)
Pledges Receivable, net	\$ 1,290,756	\$ 1,128,816

Pledges receivable with payment terms in excess of one year have been discounted using a market rate of interest (approximately 5.4% and 2.9% at June 30, 2023 and 2022, respectively) to reflect their estimated present value. Pledges receivable are unsecured and are primarily from South Florida residents.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Payments due on pledges receivable as of June 30, 2023 are as follows:

Less than one year	\$	902,406
One to five years		589,000
		\$ 1,491,406

Bad debt expense for the years ended June 30, 2023 and 2022 was \$83,430 and \$0, respectively.

4. Interest in Charitable Remainder Unitrust

A donor established an irrevocable trust naming YoungArts as a remainder beneficiary of a charitable remainder unitrust. Under terms of the trust, YoungArts is to receive the lesser of \$500,000 or 25% of the trust's assets upon the death of the last surviving beneficiary. Based on a joint life and last survivor expectancy of approximately 13 and 14 years as of June 30, 2023 and 2022, respectively, at a 5% rate, the present value of future distributions is estimated to be \$121,834 and \$118,681 at June 30, 2023 and 2022, respectively. This amount is recorded as "Interest in charitable remainder unitrust" in the Consolidated Statements of Financial Position. During the years ended June 30, 2023 and 2022, the charitable remainder unitrust appreciated (depreciated) by \$3,153 and (\$26,912), respectively, which is included in "Other revenues and gains (losses), net" in the Consolidated Statements of Activities.

5. Investments

YoungArts has invested in the following funds:

<i>June 30,</i>	2023	2022
Money market	\$ 1,776,689	\$ 4,504,018
Equity securities	23,207,571	24,669,172
Fixed income	14,648,559	8,647,818
Alternative strategies	8,813,500	9,664,355
Total Investments	\$ 48,446,319	\$ 47,485,363

Net investment gains (losses) from cash equivalents and investments is comprised of the following:

Interest and dividends	\$ 979,853	\$ 604,405
Net realized gains	1,342,816	3,366,730
Net unrealized gains (losses)	1,074,718	(10,585,923)
Investment fees	(171,967)	(188,107)
Total Investment gains (losses)	\$ 3,225,420	\$ (6,802,895)

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

6. Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the FASB ASC are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that YoungArts has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Money market: Valued at cost, which approximates fair value.

Equity securities: Valued at the closing price reported in the active market in which the individual securities are traded.

Fixed income: Valued at the closing price reported in the active market in which the individual securities are traded.

Alternative strategies: Valued by the underlying investments of the funds and are valued at fair value on a monthly basis by the investment managers. Certain funds are redeemable at their net asset value (“NAV”) per share on a monthly basis. The fair value of the investments is a publicly quoted pricing input used in determining the NAV of the alternative strategies, which is not publicly quoted. YoungArts considers the length of time until the investment is redeemable, including notice and lock up periods or any other restriction on the disposition of the investment. YoungArts also considers the nature of the portfolios of the underlying investments and their ability to liquidate their underlying investments. The NAV per share is used as a practical expedient to estimate the fair value of the alternative strategies as long as certain requirements are met.

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Notes to Consolidated Financial Statements

Fair value of shares of underlying alternative strategies equals the number of shares of the respective underlying investments multiplied by the closing NAV per share quoted by that investment and held by YoungArts at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although YoungArts believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The following tables represent YoungArts' financial instruments measured at fair value on a recurring basis for each of the fair value hierarchy levels at June 30, 2023 and 2022:

<i>June 30, 2023</i>	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market	\$ 1,776,689	\$ 1,776,689	\$ -	\$ -
Equity securities	23,207,571	23,207,571	-	-
Fixed income	14,648,559	14,648,559	-	-
Total Assets in the Fair Value Hierarchy	39,632,819	39,632,819	-	-
Investments Measured at Net Asset Value *	8,813,500	-	-	-
Total Assets at Fair Value	\$ 48,446,319	\$ 39,632,819	\$ -	\$ -

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National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

<i>June 30, 2022</i>	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Money market	\$ 4,504,018	\$ 4,504,018	\$ -	\$ -
Equity securities	24,669,172	24,669,172	-	-
Fixed income	8,647,818	8,647,818	-	-
Total Assets in the Fair Value Hierarchy	37,821,008	37,821,008	-	-
Investments Measured at Net Asset Value *	9,664,355	-	-	-
Total Assets at Fair Value	\$ 47,485,363	\$ 37,821,008	\$ -	\$ -

(*) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

As of June 30, 2023 and 2022, YoungArts did not have any nonfinancial asset or liability recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis. YoungArts' accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer.

Net Asset Value per Share

Alternative strategies include investments in limited partnerships where YoungArts has the right to withdraw its investments at least quarterly, or annually after the expiration of "lock-up" periods of one to three years pursuant to the respective offering memorandums. The underlying investments of the funds are valued at fair value on a quarterly basis by the partnerships for which fair value is measured using the NAV per share practical expedient. Also included in Alternative strategies are investments in offshore funds that include investments in hedge funds. As part of the alternative strategies investment structure, initial capital call commitments are required.

<i>Description</i>	Fair Value as of 6/30/2023	Unfunded Commitments as of 6/30/2023	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Multi-Strategy (a)	\$ 2,096,487	\$ -	Quarterly	60 Days
Multi-Strategy (b)	2,815,022	-	Quarterly	105 Days
Equity Long / Short (c)	2,713,408	-	Monthly and Quarterly	60 Days
Equity Long / Short (d)	71,353	-	Quarterly	45 Days
REIT (e)	1,117,230	-	Monthly and Quarterly	90 Days
Total	\$ 8,813,500	\$ -		

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

<i>Description</i>	Fair Value as of 6/30/2022	Unfunded Commitments as of 6/30/2022	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Multi-Strategy (a)	\$ 2,415,832	\$ -	Quarterly	60 Days
Multi-Strategy (b)	2,573,693	-	Quarterly	105 Days
Equity Long / Short (c)	1,966,672	-	Monthly and Quarterly	60 Days
Equity Long / Short (d)	2,708,158	-	Quarterly	45 Days
Total	\$ 9,664,355	\$ -		

The following is a summary of the investment strategies of the investments valued using the NAV per share practical expedient:

- (a) The fund employs an event-driven, opportunistic strategy to invest globally across the capital structure and in diversified asset classes to optimize risk-reward throughout a market cycle.
- (b) The fund’s objective is to achieve above-average capital appreciation by investing in a wide variety of asset classes and strategies. The fund aims for attractive risk-adjusted non-market-correlated returns through investing in strategies such as relative value fundamental equity, quantitative strategies, fixed income and equity arbitrage.
- (c) The fund was formed for the purpose of investing in a widely diversified portfolio consisting exclusively of U.S. and non-U.S. equity securities that are publicly traded on the U.S. securities exchanges and expects holding periods to average more than one year. The fund may also invest in stock index futures for risk management purposes. The fund seeks to achieve superior rates of return with low volatility and a relatively low beta through investments in a widely diversified portfolio.
- (d) The fund is an offshore feeder fund in a master structure. The fund’s objective is to invest substantially all its assets in Locust Wood Capital, L.P.
- (e) The fund’s strategy is to originate, acquire and manage a portfolio of senior loans secured by commercial real estate primarily in the United States. It is focused on senior floating-rate mortgage loans, but may also invest in other real estate-related assets, including: (i) other commercial real estate mortgage loans, including fixed-rate loans, subordinated loans, B-Notes, mezzanine loans and participations in commercial mortgage loans; and (ii) commercial real estate securities, including commercial mortgage-backed securities, or CMBS, unsecured debt of listed and non-listed REITs, collateralized debt obligations and equity or equity-linked securities. To a lesser extent it may invest in warehouse loans secured by commercial or residential mortgages, credit loans to commercial real estate companies, residential mortgage-backed securities, or RMBS, and portfolios of single-family home mortgages.

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**National Foundation for Advancement in the Arts, Inc. and Subsidiaries
D/B/A YoungArts**

Notes to Consolidated Financial Statements

7. Property and Equipment, Net

Property and equipment, net consists of the following:

<i>June 30,</i>	2023	2022
Land	\$ 15,442,756	\$ 15,442,756
Building and building improvements	12,855,497	12,566,808
Furniture and equipment	1,336,639	1,097,868
Website and software	683,272	776,717
Vehicles	23,310	23,310
	30,341,474	29,907,459
Accumulated depreciation and amortization	(4,473,090)	(4,056,745)
	\$ 25,868,384	\$ 25,850,714

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$432,503 and \$355,286, respectively.

8. Net Assets without Donor Restrictions

YoungArts has received various donations throughout the years from its donors which have been without donor restrictions as to purpose or time. Although these funds are included in net assets without donor restrictions, management and the Board of Trustees segregated these funds so that the principal is designated not to be expended without board approval. These funds totaled \$5,593,114 and \$5,223,517 as of June 30, 2023 and 2022, respectively.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for use in arts education programs and consisted of the following:

<i>June 30,</i>	2023	2022
Restricted contributions with specific purpose/ time restrictions	\$ 1,237,326	\$ 684,011
Donor-restricted endowment funds	41,906,767	41,275,396
	\$ 43,144,093	\$ 41,959,407

During the years ended June 30, 2023 and 2022 net assets released from restrictions were \$2,682,391 and \$3,053,000, respectively.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

10. Endowments

YoungArts' endowment consists of several investment funds established for a variety of purposes. Its endowment includes donor-restricted and board-designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). YoungArts has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, YoungArts classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with FUPMIFA, YoungArts considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

- (1) The duration and preservation of the fund
- (2) The purposes of YoungArts and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of YoungArts
- (7) The investment policies of YoungArts

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National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Summary of Endowment Net Assets at June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 11,853,229	\$ 11,853,229
Accumulated earnings on perpetual endowment	-	5,257,021	5,257,021
Term endowment	-	24,796,517	24,796,517
Board-designated endowment funds	5,593,114	-	5,593,114
Total Endowment Net Assets	\$ 5,593,114	\$ 41,906,767	\$ 47,499,881

Summary of Endowment Net Assets at June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 11,853,229	\$ 11,853,229
Accumulated earnings on perpetual endowment	-	4,877,569	4,877,569
Term endowment	-	24,544,598	24,544,598
Board-designated endowment funds	5,223,517	-	5,223,517
Total Endowment Net Assets	\$ 5,223,517	\$ 41,275,396	\$ 46,498,913

Changes in Endowment Net Assets for the year ended June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Endowment Net Assets, beginning of year	\$ 5,223,517	\$ 41,275,396	\$ 46,498,913
Net investment gains	369,597	2,858,976	3,228,573
Contributions	-	-	-
Released from restriction and appropriated for expenditure	-	(2,227,605)	(2,227,605)
Endowment Net Assets, end of year	\$ 5,593,114	\$ 41,906,767	\$ 47,499,881

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

Changes in Endowment Net Assets for the year ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment Net Assets , beginning of year	\$ 4,981,849	\$ 49,632,871	\$ 54,614,720
Net investment losses	(758,332)	(6,071,475)	(6,829,807)
Contributions	1,000,000	-	1,000,000
Released from restriction and appropriated for expenditure	-	(2,286,000)	(2,286,000)
Endowment Net Assets , end of year	\$ 5,223,517	\$ 41,275,396	\$ 46,498,913

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires YoungArts to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 or 2022. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions to the extent that the deficiencies fall below the restricted corpus.

Return Objectives and Risk Parameters

YoungArts has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation-adjusted basis. Endowment assets include those assets of donor-restricted funds that YoungArts must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that achieve the majority of the gains of the S&P 500 while limiting the negative returns caused by decreases in the S&P 500, by assuming a moderate level of investment risk and limiting volatility. YoungArts expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives on an inflation adjusted basis with moderate volatility, YoungArts relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). YoungArts targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

YoungArts' policy is to appropriate 5% of the average fiscal year-end endowment fund balance for the prior three years for distribution in the following fiscal year which totaled \$742,122 and \$698,000 for the years ended June 30, 2023 and 2022, respectively. In establishing this policy, YoungArts considered the long-term expected return on its endowment. Accordingly, over the long

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

term, YoungArts expects the current spending policy to allow its endowment to grow, net of distributions, at an average of 3.25% percent annually. This is consistent with YoungArts' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. Retirement Plan

YoungArts has a defined contribution plan (the "Plan") covering all full-time employees over the age of 21 with at least one year of service. The Plan conforms to the provisions set by Internal Revenue Code Section 403(b), Defined Contribution (Money Purchase) Retirement Plan. YoungArts matches participants' contributions to the Plan dollar-for-dollar up to 3% of the employee's salary and 50% of the next 2% of the employee's salary and the amount is fully vested when the contribution is made. Contributions for the years ended June 30, 2023 and 2022 were \$107,375 and \$97,209, respectively, and are reflected within "Salaries and benefits" in the Consolidated Statements of Functional Expenses.

12. Special Events, Net

Revenues and expenses of special events held consisted of the following:

<i>Year ended June 30,</i>	2023	2022
	Gala Affair	Gala Affair
Revenue:		
Underwriting/Sponsorship	\$ 535,897	\$ 669,120
Tickets and sales	1,121,500	1,299,500
Total Revenue	1,657,397	1,968,620
Expenses:		
Direct benefits	888,370	666,520
Special Events, Net	\$ 769,027	\$ 1,302,100

13. Commitments and Contingencies

Litigation

From time to time, YoungArts is involved in legal proceedings arising in the ordinary course of business. YoungArts believes there is no litigation pending against it that could have, individually or in the aggregate, a material adverse effect on its consolidated financial position, results of activities or cash flows.

14. Risks and Uncertainties

Investments are exposed to various risks such as interest rate, credit risk and market fluctuations. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the investments and the amounts reported in the Consolidated Statements of Financial Position.

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Notes to Consolidated Financial Statements

YoungArts' investment portfolio has experienced fluctuations in fair value since June 30, 2023. However, because the values of YoungArts' individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

YoungArts' pledges receivable are due from foundations and individuals. YoungArts' management reviews the receivable balances as a whole to determine the necessity of its allowance for doubtful accounts.

15. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) during the years ended June 30, 2023 and 2022 were as follows:

Nonfinancial Asset	Revenue Recognized		Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques/Inputs
	June 30, 2023	June 30, 2022			
Fundraising and program support	\$ 158,593	\$ 141,738	Special events and all program activities	Without Donor Restrictions	YoungArts estimated the fair value of the contributed special events and program support goods and services based on current rates that would have been incurred by YoungArts to obtain them.
Professional services	\$ 21,694	\$ 4,823	All program activities and administration	Without Donor Restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

16. Line of Credit

YoungArts entered into a line of credit agreement on January 18, 2023 in the amount of \$5,000,000. Interest is paid at the option of YoungArts at a rate equal to (1) the greater of 1.00% or the prime rate minus 2.55%, or (2) the greater of 1.00% or the daily simple SOFR plus 1.00%. The line matures on December 18, 2024. No advances were made on this line during the year ended June 30, 2023.

17. Subsequent Events

YoungArts has evaluated subsequent events through November 13, 2023, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

**National Foundation for Advancement in the Arts, Inc. and Subsidiaries
D/B/A YoungArts**

Supplementary Consolidating Statements of Financial Position

<i>June 30, 2023</i>	NFAA	NYAF (SO)	Combined Total
Assets			
Cash and cash equivalents	\$ 5,685,164	\$ 1,144,035	\$ 6,829,199
Pledges receivable, net	1,290,756	-	1,290,756
Other receivables	36,453	-	36,453
Prepaid expenses and other assets	154,536	242,050	396,586
Interest in charitable remainder unitrust	121,834	-	121,834
Investments	48,446,319	-	48,446,319
Property and equipment, net	384,652	25,483,732	25,868,384
Total Assets	56,119,714	26,869,817	82,989,531
Liabilities and Net Assets			
Liabilities			
Accounts payable, accrued expenses and other liabilities	(45,825)	573,147	527,322
Total Liabilities	(45,825)	573,147	527,322
Net Assets			
Without donor restrictions			
Undesignated	7,428,332	26,296,670	33,725,002
Board- designated	5,593,114	-	5,593,114
Total Net Assets Without Donor Restrictions	13,021,446	26,296,670	39,318,116
With Donor Restrictions	43,144,093	-	43,144,093
Total Net Assets	56,165,539	26,296,670	82,462,209
Total Liabilities and Net Assets	\$ 56,119,714	\$ 26,869,817	\$ 82,989,531

**National Foundation for Advancement in the Arts, Inc. and Subsidiaries
D/B/A YoungArts**

Supplementary Consolidating Statements of Financial Position

<i>June 30, 2022</i>	NFAA	NYAF (SO)	Combined Total
Assets			
Cash and cash equivalents	\$ 4,298,320	\$ 1,118,968	\$ 5,417,288
Pledges receivable, net	1,128,816	-	1,128,816
Other receivables	48,976	263,695	312,671
Prepaid expenses and other assets	132,348	207,295	339,643
Interest in charitable remainder unitrust	118,680	-	118,680
Investments	47,485,363	-	47,485,363
Property and equipment, net	373,616	25,477,098	25,850,714
Total Assets	53,586,119	27,067,056	80,653,175
Liabilities and Net Assets			
Liabilities			
Accounts payable, accrued expenses and other liabilities	311,734	329,572	641,306
Total Liabilities	311,734	329,572	641,306
Net Assets			
Without donor restrictions			
Undesignated	6,091,461	26,737,484	32,828,945
Board- designated	5,223,517	-	5,223,517
Total Net Assets Without Donor Restrictions	11,314,978	26,737,484	38,052,462
With Donor Restrictions	41,959,407	-	41,959,407
Total Net Assets	53,274,385	26,737,484	80,011,869
Total Liabilities and Net Assets	\$ 53,586,119	\$ 27,067,056	\$ 80,653,175

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Supplementary Consolidating Statements of Activities

Year ended June 30, 2023	NFAA			NYAF (SO)			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
Support:							
Contributions	\$ 7,292,012	\$ 1,008,101	\$ 8,300,113	\$ 2,066,191	\$ -	\$ 2,066,191	\$ 10,366,304
Government grants	356,771	-	356,771	-	-	-	356,771
In-kind contributions	180,287	-	180,287	-	-	-	180,287
Total Support	7,829,070	1,008,101	8,837,171	2,066,191	-	2,066,191	10,903,362
Special Events:							
Current year underwritings/sponsorship and tickets and sales	1,657,397	-	1,657,397	-	-	-	1,657,397
Other Revenues:							
Applications	207,150	-	207,150	-	-	-	207,150
Other revenues and gains (losses), net	1,137	3,153	4,290	(65,322)	-	(65,322)	(61,032)
Total Other Revenues	208,287	3,153	211,440	(65,322)	-	(65,322)	146,118
Net Investment Gains	369,597	2,855,823	3,225,420	-	-	-	3,225,420
Net Assets Released from Restrictions	2,682,391	(2,682,391)	-	-	-	-	-
Total Support, Special Events, Other Revenues and Net Investment Gains (Losses)	\$ 12,746,742	\$ 1,184,686	\$ 13,931,428	\$ 2,000,869	\$ -	\$ 2,000,869	\$ 15,932,297

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Supplementary Consolidating Statements of Activities

<i>Year ended June 30, 2023</i>	NFAA			NYAF (SO)			Total	Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total		
Expenses:								
YoungArts program	\$ 8,342,951	\$ -	\$ 8,342,951	\$ 1,936,109	\$ -	\$ 1,936,109	\$ 10,279,060	
General and administrative	680,995	-	680,995	471,540	-	471,540	1,152,535	
Advancement	2,016,328	-	2,016,328	34,034	-	34,034	2,050,362	
Total Expenses	11,040,274	-	11,040,274	2,441,683	-	2,441,683	13,481,957	
Change in Net Assets	1,706,468	1,184,686	2,891,154	(440,814)	-	(440,814)	2,450,340	
Net Assets, beginning of year	11,314,978	41,959,407	53,274,385	26,737,484	-	26,737,484	80,011,869	
Net Assets, end of year	\$ 13,021,446	\$ 43,144,093	\$ 56,165,539	\$ 26,296,670	\$ -	\$ 26,296,670	\$ 82,462,209	

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Supplementary Consolidating Statements of Activities

Year ended June 30, 2022	NFAA			NYAF (SO)			Total	Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total		
Support:								
Contributions	\$ 6,366,220	\$ 308,986	\$ 6,675,206	\$ 2,113,695	\$ -	\$ 2,113,695	\$	8,788,901
Government grants	252,069	-	252,069	-	-	-	-	252,069
In-kind contributions	146,561	-	146,561	-	-	-	-	146,561
Total Support	6,764,850	308,986	7,073,836	2,113,695	-	2,113,695	-	9,187,531
Special Events:								
Current year underwritings and tickets and sales	1,968,620	-	1,968,620	-	-	-	-	1,968,620
Other Revenues:								
Applications	197,194	-	197,194	-	-	-	-	197,194
Other revenues and losses, net	(68,874)	(26,912)	(95,786)	1	-	1	1	(95,785)
Total Other Revenues	128,320	(26,912)	101,408	1	-	1	1	101,409
Net Investment Losses	(758,332)	(6,044,563)	(6,802,895)	-	-	-	-	(6,802,895)
Net Assets Released from Restrictions	3,053,000	(3,053,000)	-	-	-	-	-	-
Total Support, Special Events, Other Revenues and Net Investment Gains	\$ 11,156,458	\$ (8,815,489)	\$ 2,340,969	\$ 2,113,696	\$ -	\$ 2,113,696	\$ -	\$ 4,454,665

National Foundation for Advancement in the Arts, Inc. and Subsidiaries D/B/A YoungArts

Supplementary Consolidating Statements of Activities

<i>Year ended June 30, 2022</i>	NFAA			NYAF (SO)			Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
Expenses:							
YoungArts program	\$ 6,610,862	\$ -	\$ 6,610,862	\$ 1,790,874	\$ -	\$ 1,790,874	\$ 8,401,736
General and administrative	448,631	-	448,631	378,567	-	378,567	827,198
Advancement	1,997,800	-	1,997,800	33,393	-	33,393	2,031,193
Total Expenses	9,057,293	-	9,057,293	2,202,834	-	2,202,834	11,260,127
Change in Net Assets	2,099,165	(8,815,489)	(6,716,324)	(89,138)	-	(89,138)	(6,805,462)
Net Assets, beginning of year	9,215,813	50,774,896	59,990,709	26,826,622	-	26,826,622	86,817,331
Net Assets, end of year	\$ 11,314,978	\$ 41,959,407	\$ 53,274,385	\$ 26,737,484	\$ -	\$ 26,737,484	\$ 80,011,869