All Stars Project, Inc.

Financial Statements
Year Ended December 31, 2020

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Contents

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Independent Auditor's Report

The Board of Directors
All Stars Project, Inc.
New York, New York

Opinion

We have audited the financial statements of All Stars Project, Inc. (ASP), which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ASP as of December 31, 2020, and the change in net assets and its cash flows for the year 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 Financial Statements section of our report. We are required to be independent of ASP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

June 4, 2021

All Stars Project, Inc.

Statement of Financial Position

December 31, 2020		
Assets		
Current		
Cash and cash equivalents	$	5,060,041
Investments, at fair value, current portion		2,495,776
Contributions receivable, current portion		1,345,602
Prepaid expenses and other current assets		146,126
Total Current Assets		9,047,545
Other Assets		54,355
Contributions Receivable, net of current portion		1,984,903
Investments, at fair value, net of current portion		1,728,911
Fixed Assets, Net		8,150,218
Total Assets	$	20,965,932
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$	312,436
Accrued salaries and related expenses payable		96,282
Deferred revenue – contract liability		3,300
Accrued interest payable		29,513
Current portion of mortgage payable		338,193
Current portion of loans payable		95,051
Total Current Liabilities		874,775
Mortgage Payable, net of current portion		8,048,142
Loans Payable, less current portion		40,742
Total Liabilities		8,963,659
Commitments and Contingencies (Notes 7, 8, 9, 10 and 11)		
Net Assets		
Net assets without donor restrictions		6,933,451
Net assets with donor restrictions		5,068,822
Total Net Assets		12,002,273
Total Liabilities and Net Assets	$	20,965,932

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains (Losses) and Other Support			
Contributions	$ 5,068,737	$ 2,730,475	$ 7,799,212
Special events, net of direct costs	688,829	-	688,829
In-kind donations	121,711	-	121,711
Theatre and All Stars ticket sales and subscriptions	2,067	-	2,067
Investment income, net	138,224	208,488	346,712
Grant revenue	1,088,400	-	1,088,400
Other revenues	59,089	-	59,089
Net assets released from restrictions (Note 14)	3,857,819	(3,857,819)	-
Total Revenues, Gains (Losses) and Other Support	11,024,876	(918,856)	10,106,020
Expenses			
Program services:			
Performance-based programs	1,395,858	-	1,395,858
Development School for Youth and Development Coaching	2,929,499	-	2,929,499
Education and Afterschool Development Initiatives	924,652	-	924,652
Operation Conversation	1,240,776	-	1,240,776
Total Program Services	6,490,785	-	6,490,785
Supporting services:			
Management and general	942,297	-	942,297
Fundraising	1,263,266	-	1,263,266
Total Supporting Services	2,205,563	-	2,205,563
Total Expenses	8,696,348	-	8,696,348
Loss on impairment of fixed assets	314,616	-	314,616
Total Expenses and Losses	9,010,964	-	9,010,964
Change in Net Assets	2,013,912	(918,856)	1,095,056
Net Assets, beginning of year	4,919,539	5,987,678	10,907,217
Net Assets, end of year	$ 6,933,451	$ 5,068,822	$ 12,002,273

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services					Supporting Services			
	Performance-Based Programs	Development School for Youth and Development Coaching	Education and Afterschool Development Initiatives	Operation Conversation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and Fringe Benefits									
Salaries	$ 486,328	$ 1,681,974	$ 501,840	$ 579,669	$ 3,249,811	$ 378,852	$ 735,179	$ 1,114,031	$ 4,363,842
Payroll taxes and employee benefits	184,142	373,126	105,703	130,483	793,454	93,004	108,179	201,183	994,637
Total Salaries and Fringe Benefits	670,470	2,055,100	607,543	710,152	4,043,265	471,856	843,358	1,315,214	5,358,479
Other Expenses									
Grants and donations	13,363	-	-	-	13,363	-	-	-	13,363
Professional fees	72,644	106,688	84,269	126,302	389,903	144,009	105,636	249,645	639,548
Production	7,660	600	-	13,759	22,019	-	4,720	4,720	26,739
Interest	80,300	89,811	28,946	125,031	324,088	39,157	28,198	67,355	391,443
Fees and charges	7,973	13,489	2,702	4,732	28,896	63,189	4,406	67,595	96,491
Insurance	43,927	76,496	15,667	33,420	169,510	20,588	20,894	41,482	210,992
Telecommunications	20,555	22,940	3,438	13,973	60,906	5,050	6,575	11,625	72,531
Database and computer services	29,722	35,517	14,814	32,987	113,040	7,611	10,114	17,725	130,765
Occupancy	221,836	81,064	10,203	49,759	362,862	17,266	20,717	37,983	400,845
Outreach, cultivation, and training	9,451	86,437	4,849	5,253	105,990	14,951	16,327	31,278	137,268
Advertising and design	3,794	5,662	2,963	3,190	15,609	1,878	25,861	27,739	43,348
Equipment rental	4,261	5,538	912	5,454	16,165	1,708	1,486	3,194	19,359
Repairs and maintenance	55,340	44,537	11,522	52,450	163,849	15,657	12,659	28,316	192,165
Postage and shipping	1,004	5,923	363	368	7,658	11,952	8,350	20,302	27,960
Office	7,836	14,638	3,226	5,848	31,548	3,562	3,392	6,954	38,502
Catering	29	215	17	19	280	16	14,860	14,876	15,156
Printing	1,763	3,189	449	965	6,366	366	12,277	12,643	19,009
Dues, subscriptions and conference fees	4,402	5,468	3,008	3,230	16,108	2,612	16,740	19,352	35,460
Miscellaneous	2,746	4,771	638	3,158	11,313	10,454	440	10,894	22,207
Depreciation and amortization	136,782	271,416	129,123	50,726	588,047	110,415	106,256	216,671	804,718
Total Expenses	$ 1,395,858	$ 2,929,499	$ 924,652	$ 1,240,776	$ 6,490,785	$ 942,297	$ 1,263,266	$ 2,205,563	$ 8,696,348

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Cash Flows

Year ended December 31, 2020		
Cash Flows from Operating Activities		
Change in net assets	$	1,095,056
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on impairment of fixed assets		314,616
Depreciation and amortization		804,718
Amortization of debt issuance costs		29,465
Donated stocks		(735,294)
Net realized and unrealized gain on investments		(325,485)
Decrease (increase) in:		
Contributions receivable		1,281,551
Prepaid expenses and other assets		9,629
Increase (decrease) in:		
Accounts payable and accrued expenses		302,570
Accrued salaries and related expenses payable		(228,494)
Other liabilities		(4,723)
Accrued interest payable		(1,198)
Deferred rent		(169,542)
Net Cash Provided by Operating Activities		3,372,869
Cash Flows from Investing Activities		
Purchase of fixed assets		(13,816)
Purchase of investments		(2,956,509)
Proceeds from sale of investments		4,000,375
Net Cash Provided by Investing Activities		1,030,050
Cash Flows from Financing Activities		
Principal payments on loans payable		(91,299)
Principal payments on mortgage payable		(324,895)
Net Cash Used in Financing Activities		(416,194)
Net Increase in Cash and Cash Equivalents		2,986,725
Cash and Cash Equivalents, beginning of year		2,073,316
Cash and Cash Equivalents, end of year	$	5,060,041
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$	362,054

See accompanying notes to financial statements.

1. Description of Organization

All Stars Project, Inc. (ASP) is a not-for-profit, 501(c)(3) organization that transforms the lives of youth and underprivileged communities using the developmental power of performance, in partnership with caring adults, giving everyone the opportunity to grow. Founded in 1981, ASP creates privately funded, outside-of-school educational and performing arts activities for tens of thousands of underprivileged and minority youth. It sponsors community and experimental theatre, develops leadership training and pursues volunteer initiatives that build and strengthen communities.

ASP's primary source of support is contributions.

Performance-Based Programs

The Castillo Theatre

The Castillo Theatre (Castillo) brings challenging, thought-provoking theatre for young people and adults in the heart of New York's theatre district. Since 1983, Castillo has staged over 100 productions from multicultural and avant-garde plays, to musicals and performance projects.

The All Stars Talent Show Network and Youth Onstage!

The All Stars Talent Show Network (ASTSN) involves young people, ages five to 25, in performing and producing hip-hop talent shows in their neighborhoods. They are cheered on by an audience of family, neighbors, volunteers and supporters. This experience is transformative for all.

Youth Onstage! provides young performers ages 13 to 21 with the opportunity to perform on stage in plays that have something to say about the world and its future. In addition to producing plays for young casts, Youth Onstage! conducts classes and workshops in acting, playwriting, improvisation and technical theatre.

Virtual Performance Offerings

Shortly after moving into the virtual space in March of 2020, ASP transformed its traditional performance-based programs into virtual performance based-programming nationally, including Friday Community Play improv sessions; weekly Saturday workshops for participants to experience new ideas, people and cultures; bringing Castillo's about-to-open-production of Shackleton on Ice to Zoom; special events; leading the Social Development Partners' non-profit and corporate engagements; and, all aspects of All Stars' activity in the virtual space.

The total number of participants in ASP's performance-based programs in 2020 was 1,008.

Joseph A. Forgione Development School for Youth and Development Coaching

Development Coaching

An innovative response to coronavirus (COVID-19) restrictions, Development Coaching emerged as the breakthrough pilot program initiative of 2020. Using ASP's performance approach, the program brought young people and alumni together with caring adult volunteers for one-on-one coaching. There were 1,260 coaching sessions with 417 coaches and 373 young people participating in 2020.

Development School for Youth

The Joseph A. Forgione Development School for Youth (DSY) is a leadership-training program for young people between the ages of 16 and 21. DSY's leadership-training cycles are organized as ensemble performances and include a series of workshops led by senior executives from corporations who partner with the program. DSY graduates are placed in summer internships provided by sponsoring companies. Given the uncertainty and disruption in the business community, only a small number of ASP's corporate partners were able to provide virtual (and in a few cases, in-person) internships. The All Stars created a "Summer of Development" program so that every DSY graduate had the opportunity to work with business professionals and continue their development journey. The program served 318 youth (graduates), provided 98 partnerships, and attracted 1,108 corporate volunteers in 2020.

Education and Afterschool Development Initiatives

Afterschool Development Initiatives (ADI) is a set of activities, conversations, writing, and research that is advancing and further shaping afterschool as a field, discipline, and strategy that is distinct from the foundation and practices of school-based and traditional education. ADI will create and pursue opportunities to promote and market breakthrough prospective on measuring development and growth in youth in partnership with Southern Methodist University and others, create and pursue strategic partnership and connections that scale ASP's performance based development approach and programs, influence academic programs, and develop fellowship programs for frontline practitioners/active stakeholders in afterschool development group nationally. In total, 11 working group meetings were attended by 259 individuals representing 120 organizations, and four meetings were held by the ADI Advisory Committee. Other ADI activities included The Future of Afterschool, two five-session courses that ran during the spring and fall with a total of 39 participants from 25 organizations in 2020.

Operation Conversation

Operation Conversation is a performance-based program designed to bridge the gap between the white community and communities of color by creating performances and conversations that allow diverse people to come together. Through these performances and conversations, white people can learn from people of color and better understand the experience of racism, and everyone can address the impact of the racial divide.

Operation Conversation: Cops and Kids is an innovative police-community relations program run by ASP in partnership with local police departments. The program uses performance, improvisation and conversation to help inner-city teenagers and police officers develop a positive relationship.

Operation Conversation brought together 57 people in 16 workshops during 2020.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Net Asset Classification

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. ASP reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Notes 13 and 14 for more information on the composition of net assets with donor restrictions and the releases from restrictions, respectively.

Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board of Directors designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

See Note 13 for more information on the composition of board-designated endowment net assets without donor restrictions.

Cash and Cash Equivalents

ASP considers all highly liquid instruments, including those in endowment accounts, purchased with a maturity of three months or less and money market accounts, to be cash equivalents.

Financial Instruments and Fair Value

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, established a hierarchy for inputs used in measuring fair value that maximized the use of observable inputs and minimized the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as ASP would use in pricing ASP's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of ASP are traded. ASP estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Contributions Receivable

ASP records contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Allowance for Uncollectible Receivables

An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history and communications with donors.

The allowance is increased by provisions charged to expense. Actual losses, net of any recoveries, are charged to the allowance. There was no allowance recorded as of December 31, 2020.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. ASP records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest method. As of December 31, 2020, debt issuance costs of $290,526 are netted against mortgage payable on the statement of financial position and the total interest expense for debt issuance costs is $29,465 for the year ended December 31, 2020.

Fixed Assets, Net

Fixed assets, net, is recorded at cost when purchased. Expenditures for additions, renewals and betterments with a cost in excess of $3,000 per unit and an estimated useful life of greater than one year are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets and leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is shorter, as follows:

	Years
Building	40
Condominium	40
Condominium improvements	20
Furniture, fixtures and equipment	3-10
Computer equipment	3-5
Video and light equipment	5
Leasehold improvements	Lesser of lease term or 10

Impairment of Long-Lived Assets

ASP follows the provision of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires ASP to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. Due to the decision to terminate the leased office space in Newark by ASP, an impairment analysis of fixed assets was performed in 2020. Impairment of fixed assets recorded for the year ended December 31, 2020 was $314,616 and is included in the statement of activities.

Deferred Rent

Operating leases are reported on the straight-line basis over the term of the leases. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected as deferred rent when material. During 2020, ASP terminated the lease agreement for the Newark space, the remaining balance of the deferred rent was reclassified to accounts payable and accrued expenses as of December 31, 2020.

Grants to Other Organizations

Grants are recorded when awarded and are for a period not to extend beyond one year.

Contributions

Contributions received are recorded as with or without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, Not-for-profit Entities. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Revenue Recognition

ASP recognizes revenue when control of the promised goods or services is transferred to outside parties in an amount that reflects the consideration ASP expects to be entitled to in exchange for those goods or services. Theatre and All Stars ticket sales and subscriptions are considered non-refundable exchange transactions. Subscriptions are recorded as revenue during the applicable period. The portion of subscriptions that has not been recognized represents a deferred liability at year-end. No portion of such subscription is allocated to revenues. Theatre and All Stars ticket sales are recognized as revenues when performances take place.

Special event revenues are comprised of ticket component of ASP's special event. Revenue is recognized when events take place. All of the special event ticket purchases are disaggregated from contributions. The non-tax-deductible portion of special event revenues is considered an exchange transaction. In 2020, due to absence of any benefit to the ticket holders, all special event tickets were fully tax deductible; therefore, exchange portion of all special event tickets associated with special event revenues was $0. At December 31, 2020, there were no liabilities pertaining to special event revenues.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Donated Services

ASP records donated services that require specialized skills and would typically need to be purchased if they had not been contributed based on prevailing rates (fair value) for said services.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and related expenses of administrative and clerical staff, depreciation and amortization, interest, insurance, certain database and computer services, professional services, travel, trainings and seminar, and facilities costs. Occupancy related and facilities costs for office space is based on estimates of time and efforts. Certain costs of the database and technology are allocated based on utilization of specific technology. Other costs are allocated based on ratios of time and effort and of all departments and programs benefiting from costs incurred.

Income Taxes

ASP is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, ASP has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. ASP does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. ASP has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, ASP has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2020, there were no income tax-related interest or penalties recorded or included in the statement of activities. Management believes that ASP is no longer subject to income tax examinations for years prior to 2017.

Concentrations of Credit Risk

Financial instruments that potentially subject ASP to concentration of credit risk consist primarily of cash and cash equivalents. At various times, ASP has cash deposits at financial institutions, which exceed the Federal Deposit Insurance Corporation insurance limits. The financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk and Uncertainties

ASP's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of ASP's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Accounting for Leases (Topic 842)

On February 25, 2016, the FASB issued ASU 2016-02, *Leases,* which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for ASP until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

3. Liquidity and Availability of Resources

ASP's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31, 2020		
Cash and cash equivalents	$	5,060,041
Investments, at fair value, current portion		2,495,776
Contributions receivable, current portion		1,345,602
Less: permanent endowment within cash and cash equivalents		(43,895)
Total Financial Assets Available to Management for General Expenditures Within One Year	$	8,857,524

Liquidity Management

ASP receives significant contributions restricted by donors and considers contributions restricted for programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. ASP includes these in financial assets available to meet cash needs for general expenditures within one year, since ASP expects to meet the donor's restriction in the ordinary course of business.

ASP manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs and maintaining sufficient liquidity to provide reasonable assurance that long-term obligations will be discharged. ASP monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current claim payment and expenditure needs.

ASP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. ASP's endowment fund consists of donor-restricted endowment and board-designated endowment. Income from donor-restricted endowment is restricted until appropriated by ASP's Board of Directors for expenditure. None of the unappropriated endowment earnings are expected to be used for operations within the next year. Board-designated endowment and income on board-designated endowment are not restricted. ASP does not intend to spend from its board-designated endowment; however, the entire board-designated endowment is available for general expenditures.

In addition, as described in Note 9, ASP also has a line of credit in the amount of $1,000,000, which it could draw upon in the event of an unanticipated liquidity need.

4. Investments, at Fair Value

ASP's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for the discussion of ASP's policies regarding this hierarchy.

A description of the valuation techniques applied to ASP's major categories of assets measured at fair value are as follows. There have been no changes in valuation methodology as of December 31, 2020.

Mutual Funds, Exchange-Traded Funds and Stocks – These are valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ASP 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.

There were no transfers between levels during the year ended December 31, 2020.

The summary of inputs used to value ASP's investments that are carried at fair value is as follows:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Mutual funds - equities	$ 3,947,430	$ -	$ -	$ 3,947,430
Exchange-traded funds - equities	276,693	-	-	276,693
Stocks - equities	564	-	-	564
	$ 4,224,687	$ -	$ -	$ 4,224,687

5. Contributions Receivable, Net

Contributions receivable has been recorded at present value. At December 31, 2020, the net present value discount rates ranged from 0.75% to 3.51%.

December 31, 2020

Amount due in:	
One year	$ 1,345,602
Two to five years	2,104,166
	3,449,768
Less: discount	(119,263)
Total	$ 3,330,505

6. Fixed Assets, Net

Fixed assets, net, consists of the following:

December 31, 2020

Land	$ 225,000
Building	485,000
Condominium	7,750,000
Condominium improvements	9,314,159
Furniture, fixtures and equipment	235,972
Video and light equipment	230,648
Computer equipment	213,863
Total	18,454,642
Less: accumulated depreciation and amortization	(10,304,424)
Fixed Assets, Net	$ 8,150,218

Depreciation and amortization expense was $804,718 for the year ended 2020.

7. Mortgage Payable

ASP has a tax-exempt mortgage loan payable from First Republic Bank through BuildNYC in the amount of $10,720,000 at an interest rate of 3.95%. Payments are made monthly. The loan matures November 2038. The principal balance as of December 31, 2020 was $8,676,861. Interest expense for the year ended December 31, 2020 totaled $383,990, including $29,465 for amortization of debt issuance costs.

The loan covenants require a debt service ratio of 1.20 to 1. In addition, cash and cash equivalents plus short and long-term investments, which can be converted to cash within 60 days, and the current portion of pledges, minus any outstanding and current portion of loans, must be at least $1,750,000 at the end of each quarter and year starting in 2013. As of December 31, 2020, ASP was in compliance with these covenants.

The mortgage is collateralized by the condominium and contributions receivable.

ASP incurred $553,272 of debt issuance costs in connection with the mortgage refinancing. These costs are being amortized over the term of the related mortgage using the effective interest method. At December 31, 2020, the unamortized debt issuance costs were $290,526. The effective interest rate for the year ended December 31, 2020 is 4.3%.

Future payments required subsequent to December 31, 2020 are as follows:

Year ending December 31,		
2021	$	338,193
2022		351,989
2023		366,347
2024		380,436
2025		396,810
Thereafter		7,181,279
		9,015,054
Less: unamortized debt issuance costs		(290,526)
Mortgage Payable, Net	$	8,724,528

8. Loans Payable

On October 18, 2016 ASP entered into two loan agreements with First Republic Bank to borrow $185,349 and $308,916 at interest rate of 3.95%. As of December 31, 2020, these loans had an outstanding balance of $135,793. The loans are secured by the condominium. Interest expense for the year ended December 30, 2020 was $7,452.

Future payments required subsequent to December 31, 2020 are as follows:

Year ending December 31,		
2021	$	95,051
2022		40,742
	$	135,793

9. Line of Credit

ASP has entered into a revolving line of credit agreement dated December 1, 2020 with First Republic Bank for $1,000,000 bearing a variable interest rate based on the prime rate plus 0.25 percentage points. At December 31, 2020, ASP has not borrowed funds under the line of credit.

10. Employee Benefit Plans

ASP maintains an employee benefit plan under Section 403(b) of the Code covering all qualified employees. ASP matches employee contributions bi-annually. The match is 25% of the first $2,000 of employee contributions and 10% of any additional employee contributions. For the year ended December 31, 2020, ASP's employer contribution was $49,336.

11. Commitments and Contingencies

During 2020, ASP leased office space in Newark, San Francisco, and Chicago. ASP has not renewed lease agreements in Chicago and San Francisco and at December 31, 2020 has no office space in those locations. ASP is under noncancelable lease agreements through 2023 for the Newark space. Rent expense for the year ended December 31, 2020 was $252,374.

During 2020, ASP decided to terminate the lease agreement for the Newark space. As of report date, ASP has entered into a mediation agreement with the landlord to resolve a potential penalty pertaining to early cancellation of the lease agreement. ASP has derecognized all leasehold improvements related to the lease, and unamortized portion of such assets amounting to $314,616, is included in the loss on impairment of fixed assets on the statement of activities. ASP has recognized a portion of liabilities for the lease commitment through December 31, 2020 in the amount of $176,007, which is included in accounts payable and accrued expenses on the statement of financial position. ASP cannot reasonably determine further termination penalties at the time of the issuance of the financial statements.

12. Related-Party Transactions

ASP has received gifts from board members. As of December 31, 2020, a portion of the gifts is included in contributions receivable. Gifts from board members that are included in contributions receivable on the statement of financial position amounted to $2,020,000.

ASP receives pro-bono legal services from Lowenstein Sandler LLP, where one of the board members is a partner. The value of the pro-bono services received that is included in in-kind donations on the statement of activities amounted to $121,711.

13. Endowment Funds

General

ASP's two endowment funds include funds designated by the Board of Directors, a donor-restricted endowment fund established for the NJ Development School for Youth and a donor-restricted endowment for operations. 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 Board of Directors of ASP adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. ASP is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of the average of its previous five years' balance.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, ASP considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. ASP has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with NYPMIFA, ASP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the organization and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the organization
- Investment policies of the organization

Return Objectives, Strategies Employed and Spending Policy

The objective of ASP is to maintain the principal endowment funds at the original amount designated by the donor while generating investment income to support the purposes designated by the donor. ASP is able to draw down a certain percentage per year of the fair market value of the endowment fund per donors' wishes. The draw down percentage is reviewed and approved by the Board of Directors on an annual basis. The investment policy to achieve this objective is to invest in various investment securities and interest-bearing accounts. Interest earned in relation to the endowment funds is recorded as donor restricted until appropriated.

Underwater Endowments

Underwater endowment funds are funds for which the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions. At December 31, 2020, there are no underwater endowments.

Endowment Net Asset Composition by Type of Fund

The endowment net asset composition of $1,772,806 consists of the following:

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:			
NJ Development School for Youth	$ -	$ 100,000	$ 100,000
General operating purposes	-	793,348	793,348
Board-designated endowment fund	250,000	-	250,000
Total Corpus of the Endowment Funds	250,000	893,348	1,143,348
Cumulative net investment gains	165,134	584,324	749,458
Cumulative release of income into operations	(25,492)	(94,508)	(120,000)
Endowment Net Assets, end of year	$ 389,642	$ 1,383,164	$ 1,772,806

Changes in Endowment Net Assets

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 331,298	$ 1,174,676	$ 1,505,974
Investment return, net	58,344	208,488	266,832
Endowment Net Assets, end of year	$ 389,642	$ 1,383,164	$ 1,772,806

14. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following donor-stipulated purposes or periods:

December 31, 2020

Subject to the passage of time and to expenditure for specific purpose:	
All Stars Project of Chicago	$ 28,409
Chicago Center expansion	445,154
Subject to passage of time:	
Pledges receivable (not purpose-restricted)	3,212,095
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
NJ Development School for Youth	100,000
Available for general operating purposes	793,348
Subject to ASP endowment spending policy and appropriation:	
NJ Development School for Youth	54,829
Available for general operating purposes	434,987
	$ 5,068,822

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Year ended December 31, 2020		
Operation Conversation: Cops and Kids	$	266,452
Performance-based programs		15,805
Afterschool Development Initiative		83,238
Development School for Youth		522,420
All Stars Project of the San Francisco Bay Area		428,492
All Stars Project of Chicago		1,251,796
Chicago Center expansion		8,461
All Stars Project of New Jersey		316,370
All Stars Project of Dallas		640,391
Passage of time		324,394
	$	3,857,819

15. Grant Revenue

ASP has applied for, and on April 27, 2020, received, loan proceeds in the amount of $1,088,400, pursuant to the Paycheck Protection Program (the PPP), under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Funds from the loan may only be used for payroll costs, costs used to continue group health benefits, mortgage interest payments, rent, and utilities. The proceeds were used in accordance with the loan agreement. The entire amount of the loan was forgiven prior to year-end and is reflected as grant revenue on the statement of activities.

16. Conditional Contribution

As of December 31, 2020, ASP has received $1,000,000 conditional promise to give that is not recognized in the financial statements upon having a final lease for a suitable Chicago center, as selected by ASP's Real Estate Committee.

17. Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result of the spread of the COVID-19, economic uncertainties have arisen that may negatively affect the financial position, changes in net assets and cash flows of ASP, including, but not limited to, reduction in contributions, and possible changes in the values of investment securities reported in the accompanying statement of financial position. The full impact of COVID-19 outbreak continues to evolve as of the date of this report and the duration of these uncertainties, and the ultimate financial effects, cannot be reasonably estimated at this time.

In response to the impact of COVID-19, ASP is actively monitoring the effects on its financial condition, workforce and ASP programs and is able to carry out its programs and mission remotely.

Management is actively assessing the situation and will continue to assess and address the potential impact on its financial condition, liquidity, operations and workforce as more information becomes available.

18. Subsequent Events

On December 27, 2020, The Economic Aid to Hard-Hit Small Business, Non-Profits, and Venues Act (Economic Aid Act) was signed into law. The Economic Aid Act created a new PPP loan (PPP2 loan) available to certain eligible entities that received PPP loans pursuant to the CARES Act, as noted in Note 15. On February 16, 2021, ASP has received a PPP2 loan in the amount of $1,076,500. Funds from the loan may only be used for payroll costs, costs used to continue group health benefits, mortgage interest payments, rent, and utilities. Under the terms of the PPP2, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described above. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%.

On March 10, 2021, American Rescue Plan Act of 2021 (ARPA) was signed into law. This bill provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. ASP intends to apply for payroll credits in connection with COVID-related Emergency Family Leave Expansion, and subsidy of health insurance premiums of covered employees under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

ASP's management has evaluated its December 31, 2020 financial statements for subsequent events through June 4, 2021, the date the financial statements were available to be issued. Other than the matters noted above, management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.