All Stars Project, Inc.

Financial Statements
Year Ended December 31, 2021

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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, 2021, 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, 2021, and the change in its 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.

Report on Summarized Comparative Information

We have previously audited ASP's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

June 24, 2022

All Stars Project, Inc.

Statement of Financial Position
(with comparative totals for 2020)

December 31,	**2021**	2020
Assets		
Current		
Cash and cash equivalents	**$ 4,069,495**	$ 5,060,041
Investments, at fair value, current portion	**2,766,125**	2,495,776
Contributions receivable, current portion	**712,348**	1,345,602
Prepaid expenses and other current assets	**526,898**	146,126
Total Current Assets	**8,074,866**	9,047,545
Other Assets	**8,621**	54,355
Contributions Receivable, net of current portion	**2,209,376**	1,984,903
Investments, at fair value, net of current portion	**4,849,211**	1,728,911
Fixed Assets, Net	**7,579,488**	8,150,218
Total Assets	**$ 22,721,562**	$ 20,965,932
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 481,795**	$ 312,436
Accrued salaries and related expenses payable	**440,535**	96,282
Deferred revenue - contract liability	**3,300**	3,300
Accrued interest payable	**29,115**	29,513
Current portion of mortgage payable	**351,989**	338,193
Current portion of loans payable	**40,741**	95,051
Total Current Liabilities	**1,347,475**	874,775
Mortgage Payable, net of current portion and deferred financing costs	**7,723,816**	8,048,142
Loans Payable, less current portion	**-**	40,742
Total Liabilities	**9,071,291**	8,963,659
Commitments and Contingencies (Notes 5, 7, 8, 9, 10, and 11)		
Net Assets		
Net assets without donor restrictions	**9,217,130**	6,933,451
Net assets with donor restrictions	**4,433,141**	5,068,822
Total Net Assets	**13,650,271**	12,002,273
Total Liabilities and Net Assets	**$ 22,721,562**	$ 20,965,932

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Activities
(with comparative totals for 2020)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenues, Gains, and Other Support				
Contributions	$ 5,184,853	$ 2,838,061	**$ 8,022,914**	$ 7,799,212
Special events, net of direct costs	1,268,285	-	**1,268,285**	688,829
In-kind donations	159,928	-	**159,928**	121,711
Theatre and All Stars ticket sales and subscriptions	-	-	**-**	2,067
Investment income, net	271,211	127,253	**398,464**	346,712
Other revenues	123,806	-	**123,806**	59,089
Net assets released from restrictions (Note 14)	3,600,995	(3,600,995)	**-**	-
Total Revenues, Gains, and Other Support	10,609,078	(635,681)	**9,973,397**	9,017,620
Expenses				
Program services:				
Performance-based programs	1,902,240	-	**1,902,240**	1,395,858
Development School for Youth and Development Coaching	3,300,764	-	**3,300,764**	2,929,499
Education and Afterschool Development Initiatives	1,390,264	-	**1,390,264**	924,652
Operation Conversation	653,377	-	**653,377**	1,240,776
Total Program Services	7,246,645	-	**7,246,645**	6,490,785
Supporting services:				
Management and general	1,127,063	-	**1,127,063**	942,297
Fundraising	1,283,462	-	**1,283,462**	1,263,266
Total Supporting Services	2,410,525	-	**2,410,525**	2,205,563
Total Expenses	9,657,170	-	**9,657,170**	8,696,348
Change in Net Assets, from operating activities	951,908	(635,681)	**316,227**	321,272
Nonoperating Activities				
Grant revenue (Note 15)	1,331,771	-	**1,331,771**	1,088,400
Loss on impairment of fixed assets	-	-	**-**	(314,616)
Total Nonoperating Revenues	1,331,771	-	**1,331,771**	773,784
Change in Net Assets	2,283,679	(635,681)	**1,647,998**	1,095,056
Net Assets, beginning of year	6,933,451	5,068,822	**12,002,273**	10,907,217
Net Assets, end of year	$ 9,217,130	$ 4,433,141	**$ 13,650,271**	$ 12,002,273

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Functional Expenses
(with comparative totals for 2020)

Year ended December 31,

	Program Services					Supporting Services			Total	
	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	**2021**	2020
Salaries and Fringe Benefits										
Salaries	$ 1,089,576	$ 1,854,200	$ 788,319	$ 368,700	$ 4,100,795	$ 419,988	$ 659,779	$ 1,079,767	**$ 5,180,562**	$ 4,363,842
Payroll taxes and employee benefits	205,231	399,022	177,030	81,649	862,932	97,883	137,730	235,613	**1,098,545**	994,637
Total Salaries and Fringe Benefits	1,294,807	2,253,222	965,349	450,349	4,963,727	517,871	797,509	1,315,380	**6,279,107**	5,358,479
Other Expenses										
Grants and donations	21,261	-	-	-	21,261	-	-	-	**21,261**	13,363
Professional fees	94,865	231,386	61,148	30,779	418,178	206,498	100,246	306,744	**724,922**	639,548
Production	105	147	165	-	417	-	39,935	39,935	**40,352**	26,739
Interest	63,286	122,947	59,583	22,356	268,172	53,874	50,228	104,102	**372,274**	391,443
Fees and charges	10,283	14,390	6,152	2,869	33,694	54,726	7,344	62,070	**95,764**	96,491
Insurance	32,321	70,235	29,631	12,474	144,661	20,882	19,879	40,761	**185,422**	210,992
Telecommunications	8,193	17,803	7,512	3,575	37,083	5,317	6,169	11,486	**48,569**	72,531
Database and computer services	42,000	108,559	37,392	16,258	204,209	34,319	26,636	60,955	**265,164**	130,765
Occupancy	63,971	102,857	45,953	31,789	244,570	29,344	34,386	63,730	**308,300**	400,845
Outreach, cultivation, and training	55,494	56,022	23,946	14,288	149,750	15,753	27,774	43,527	**193,277**	137,268
Advertising and design	8,704	6,942	4,480	1,832	21,958	5,072	17,821	22,893	**44,851**	43,348
Equipment rental	3,726	7,055	3,257	3,508	17,546	1,587	2,460	4,047	**21,593**	19,359
Repairs and maintenance	72,895	63,309	28,752	15,376	180,332	57,704	24,127	81,831	**262,163**	192,165
Postage and shipping	932	993	436	187	2,548	2,260	6,137	8,397	**10,945**	27,960
Office	6,510	9,973	4,044	2,763	23,290	3,675	5,201	8,876	**32,166**	38,502
Catering	522	484	214	226	1,446	259	37	296	**1,742**	15,156
Printing	2,072	797	378	307	3,554	302	23,316	23,618	**27,172**	19,009
Dues, subscriptions, and conference fees	3,328	5,882	2,511	1,676	13,397	1,778	2,167	3,945	**17,342**	35,460
Miscellaneous	-	105	-	-	105	16,509	29	16,538	**16,643**	22,207
Depreciation and amortization	116,965	227,656	109,361	42,765	496,747	99,333	92,061	191,394	**688,141**	804,718
Total Expenses	$ 1,902,240	$ 3,300,764	$ 1,390,264	$ 653,377	$ 7,246,645	$ 1,127,063	$ 1,283,462	$ 2,410,525	**$ 9,657,170**	$ 8,696,348

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Cash Flows
(with comparative totals for 2020)

Year ended December 31,		2021		2020
Cash Flows from Operating Activities				
Change in net assets	$	**1,647,998**	$	1,095,056
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Loss on impairment of fixed assets		**-**		314,616
Depreciation and amortization		**688,141**		804,718
Amortization of debt issuance costs		**28,365**		29,465
Donated stocks		**(691,853)**		(735,294)
Net realized and unrealized gain on investments		**(127,604)**		(325,485)
Change in discount on contributions receivable		**19,527**		(93,517)
Decrease (increase) in:				
Contributions receivable		**389,254**		1,375,068
Prepaid expenses and other assets		**(335,038)**		9,629
Increase (decrease) in:				
Accounts payable and accrued expenses		**169,359**		302,570
Accrued salaries and related expenses payable		**344,253**		(228,494)
Other liabilities		**-**		(4,723)
Deferred revenue		**-**		(1,198)
Accrued interest payable		**(398)**		(169,542)
Net Cash Provided by Operating Activities		**2,132,004**		2,372,869
Cash Flows from Investing Activities				
Purchase of fixed assets		**(117,411)**		(13,816)
Purchase of investments		**(4,924,174)**		(2,956,509)
Proceeds from sale of investments		**2,352,982**		4,000,375
Net Cash (Used in) Provided by Investing Activities		**(2,688,603)**		1,030,050
Cash Flows from Financing Activities				
Principal payments on loans payable		**(95,052)**		(91,299)
Principal payments on mortgage payable		**(338,895)**		(324,895)
Net Cash Used in Financing Activities		**(433,947)**		(416,194)
Net (Decrease) Increase in Cash and Cash Equivalents		**(990,546)**		2,986,725
Cash and Cash Equivalents, beginning of year		**5,060,041**		2,073,316
Cash and Cash Equivalents, end of year	$	**4,069,495**	$	5,060,041
Supplemental Disclosure of Cash Flow Information				
Cash paid during the year for interest	$	**344,307**	$	362,054

See accompanying notes to financial statements.

1. Description of Organization

All Stars Project, Inc. (ASP) is a national, privately funded 501(c)(3) organization with over a 40-year history of grassroots organizing and community building. Using the developmental power of performance, ASP transforms the lives of youth from poor and underserved communities in partnership with caring adults giving everyone the chance to grow. ASP's award-winning programs bring people from all racial, economic, and social walks of life together to create something positive, new, and transformative for all involved. ASP operates nationally in six cities, including Dallas; New York City; Newark and Jersey City, New Jersey; Chicago; and the San Francisco Bay Area with volunteers, programming, and partnerships in over 20 states.

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, 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 Playbook

The Virtual Performance Playbook offers free classes, workshops, and continuing education opportunities to people of all ages and backgrounds. Students are taken out of their comfort zone, experiencing new ideas, people, and cultures, which unlocks the capacity for lifelong development and learning. An All Stars team of premier performance specialists and talented volunteers leads virtual offerings, including weekly Community Play improv sessions, cultural activities, virtual tours, and other special events.

Joseph A. Forgione Development School for Youth and Development Coaching

Development Coaching

Development Coaching, a new virtual program, gives young adults aged 18 to 24 an opportunity to partner one-on-one with caring industry leaders to help guide and enhance their personal and professional development. Development Coaching matches young adults with volunteer coaches from coast to coast based on shared interests and experiences and provides training that supports both coach and coachee to learn from each other and grow together.

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. ASP created a "Summer of Development" program so that every DSY graduate had the opportunity to work with business professionals and continue their development journey.

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 perspective 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, and influence academic programs.

Operation Conversation

Operation Conversation, ASP's newest bridge-building initiative, has been created to address the social and racial divides in America. In a two-part virtual workshop, people from diverse communities and all walks of life learn and perform with new tools that develop empathy, appreciation, active listening, and curiosity skills. Using the power of performance, these workshops engage racism and promote healing in everyday life.

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.

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 contributions 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, 2021.

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 to interest expense over the term of the respective debt using the effective interest method. As of December 31, 2021, debt issuance costs of $262,161 are netted against mortgage payable on the statement of financial position and the total interest expense for debt issuance costs is $28,365 for the year ended December 31, 2021.

Fixed Assets, Net

Fixed assets, net, are 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. For the year ended December 31, 2021, there have been no such losses.

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 components 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 2021, 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, 2021, 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 are 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, 2021, 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 Accounting Standards Update (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.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

The FASB issued ASU 2020-07, *the Update*, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. Management is currently evaluating the impact of the pending adoption of ASU 2020-07.

Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model.

ASU 2016-13 is effective for annual periods beginning after December 31, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-13.

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, 2021		
Cash and cash equivalents	$	4,069,495
Investments, at fair value, current portion		2,766,125
Contributions receivable, current portion		712,348
Less: permanent endowment within cash and cash equivalents		(95,891)
Total Financial Assets Available to Management for General Expenditures Within One Year	$	7,452,077

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 technique applied to ASP's major categories of assets measured at fair value is as follows. There have been no changes in valuation methodology as of December 31, 2021.

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 method 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, 2021.

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds - equities	$ 7,278,706	$ -	$ -	$ 7,278,706
Exchange-traded funds - equities	336,630	-	-	336,630
	$ 7,615,336	$ -	$ -	$ 7,615,336

5. Contributions Receivable, Net

Contributions receivable have been recorded at present value. At December 31, 2021, the net present value discount rates ranged from 0.75% to 3.66%, respectively.

December 31, 2021

Amount due in:	
One year	$ 712,348
Two to five years	2,348,166
	3,060,514
Less: discount	(138,790)
Total	$ 2,921,724

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2021		
Land	$	225,000
Building		485,000
Condominium		7,750,000
Leasehold improvements		117,411
Condominium improvements		9,314,159
Furniture, fixtures, and equipment		235,972
Video and light equipment		230,648
Computer equipment		213,863
		18,572,053
Less: accumulated depreciation and amortization		(10,992,565)
Fixed Assets, Net	$	7,579,488

Depreciation and amortization expense was $688,141 for the year ended December 31, 2021.

7. Mortgage Payable

ASP has a tax-exempt mortgage loan payable from First Republic Bank through Build NYC in the amount of $10,720,000 at an interest rate of 3.95%. Payments are made monthly. The loan matures in November 2038. The principal balance as of December 31, 2021 was $8,337,966. Interest expense for the year ended December 31, 2021 totaled $340,228, including $28,365 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, 2021, 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, 2021, the unamortized debt issuance costs were $262,161. The effective interest rate for the year ended December 31, 2021 is 4.3%.

Future payments required subsequent to December 31, 2021 are as follows:

Year ending December 31,		
2022	$	351,989
2023		366,347
2024		380,436
2025		396,810
2026		412,997
Thereafter		6,429,387
		8,337,966
Less: unamortized debt issuance costs		(262,161)
Mortgage Payable, Net	$	8,075,805

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 an interest rate of 3.95%. As of December 31, 2021, these loans had an outstanding balance of $40,741. The loans are secured by the condominium. Interest expense for the year ended December 30, 2021 was $3,680.

Future payments required subsequent to December 31, 2021 are as follows:

Year ending December 31,		
2022	$	40,741
	$	40,741

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. The line of credit expired on March 31, 2022 and was renewed in April 2022. At December 31, 2021, 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. In 2021, the match was 25% of the first $2,000 of employee contributions and 10% of any additional employee contributions. For the year ended December 31, 2021, ASP's employer contribution was $43,758.

11. Commitments and Contingencies

During 2020, ASP decided to terminate the lease agreement for the Newark space at 33 Washington Street. Subsequent to December 31, 2021, ASP has settled with the landlord to resolve a dispute pertaining to an early lease termination. At December 31, 2021, ASP has recognized a liability

pertaining to the lease of $446,915, net of a security deposit held by the landlord, which is included in accounts payable and accrued expenses on the statement of financial position.
In September 2021, ASP has entered into a lease agreement at the Newark Gateway Center. The commencement date for the concourse space is November 30, 2021, and the commencement date for the office space is February 3, 2022.

Future minimum lease payments required subsequent to December 31, 2021 are as follows:

Year ending December 31,		
2022	$	90,101
2023		96,274
2024		96,274
2025		96,274
2026		96,459
Thereafter		535,494
Total	$	1,010,876

Rent expense was $203,321 for the year ended December 31, 2021.

12. Related Party Transactions

ASP has received gifts from board members. As of December 31, 2021, 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 $1,075,000.

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 $159,928 in 2021.

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 expected to fall in a range between 4% and 6% and is reviewed and approved by the Finance Committee on an annual basis. The amount available for appropriation during each fiscal year is calculated by applying the approved spending rate to the average of the previous three fiscal years' endowment values. Any special appropriation must be approved by the Board of Directors.

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, 2021, there are no underwater endowments.

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Endowment Net Asset Composition by Type of Fund

The endowment net asset composition of $2,507,893 consists of the following:

December 31, 2021

	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	$ -	$ 101,000	$ 101,000
General operating purposes	-	793,348	793,348
Board-designated endowment fund	750,000	-	750,000
Total Corpus of the Endowment Funds	750,000	894,348	1,644,348
Cumulative net investment gains	271,968	711,577	983,545
Cumulative release of income into operations	(25,492)	(94,508)	(120,000)
Total Spendable Funds	246,476	617,069	863,545
Total Endowment Net Assets	$ 996,476	$ 1,511,417	$ 2,507,893

Changes in Endowment Net Assets

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 389,642	$ 1,383,164	$ 1,772,806
Investment return, net	106,834	127,253	234,087
Contributions	500,000	1,000	501,000
Endowment Net Assets, end of year	$ 996,476	$ 1,511,417	$ 2,507,893

14. Net Assets with Donor Restrictions

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

December 31, 2021

Subject to passage of time:	
Pledges receivable (not purpose-restricted)	$ 2,921,724
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
NJ Development School for Youth	101,000
Available for general operating purposes	793,348
Subject to ASP endowment spending policy and appropriation:	
NJ Development School for Youth	69,074
Available for general operating purposes	547,995
	$ 4,433,141

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, 2021		
Operation Conversation: Cops and Kids	$	12,500
Performance-based programs		359,088
Development School for Youth		155,402
All Stars Project of the San Francisco Bay Area		323,435
All Stars Project of Chicago		291,956
Chicago center expansion		455,154
All Stars Project of New Jersey		698,883
All Stars Project of Dallas		859,202
Passage of time		445,375
	$	3,600,995

15. Grant Revenue

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (the Economic Aid Act) was signed into law. The Economic Aid Act created a new loan program in continuance of the Paycheck Protection Program (PPP). The funds are available to certain eligible entities that received PPP loans pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). On February 16, 2021, ASP has received a PPP 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 PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described above. The entire amount of the loan was forgiven prior to year-end and is reflected as grant revenue on the statement of activities.

On March 10, 2021, the 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 applied for payroll credits in connection with COVID-19-related Emergency Family Leave Expansion, and subsidy of health insurance premiums of covered employees under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The amount of payroll credits received in 2021 totaling $255,271 is included in grant revenue on the statement of activities.

16. Conditional Contribution

As of December 31, 2021, ASP has received a $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. Subsequent Events

ASP's management has evaluated its December 31, 2021 financial statements for subsequent events through June 24, 2022, the date the financial statements were available to be issued. Other than the matters noted in Note 11, management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.