All Stars Project, Inc.

Financial Statements
Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.

All Stars Project, Inc.

Financial Statements
Year Ended December 31, 2023

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, 2023 and 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, 2023, and the results of its operations 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

May 31, 2024

All Stars Project, Inc.

Statement of Financial Position
(with comparative totals for 2022)

December 31,	**2023**	2022
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,807,750**	$ 2,669,787
Investments, at fair value, current portion	**4,094,216**	2,856,269
Contributions receivable, current portion	**1,579,000**	782,644
Prepaid expenses and other current assets	**319,843**	477,326
Assets held for sale	**6,124,645**	6,124,645
Total Current Assets	**13,925,454**	12,910,671
Other Assets	**117,977**	82,223
Contributions Receivable, net of allowance and current portion	**2,908,974**	2,691,712
Investments, at fair value, net of current portion	**5,658,789**	5,029,051
Right-of-Use Assets - Operating Lease	**2,134,844**	814,726
Fixed Assets, Net	**1,052,259**	1,107,610
Total Assets	**$ 25,798,297**	$ 22,635,993
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 66,049**	$ 94,135
Accrued salaries and related expenses payable	**533,404**	468,826
Deferred revenue - contract liability	**3,300**	3,300
Deposit on the sale of assets	**900,000**	-
Accrued interest payable	**23,419**	23,666
Current portion of operating lease liability	**430,227**	96,274
Mortgage on assets held for sale	**7,413,512**	7,753,719
Total Current Liabilities	**9,369,911**	8,439,920
Operating Lease Liability, net of current portion	**1,736,670**	723,050
Total Liabilities	**11,106,581**	9,162,970
Commitments and Contingencies (Notes 2, 3, 6, 7, 10, 11, 13, 14, and 15)		
Net Assets		
Without donor restrictions	**8,635,510**	7,961,918
With donor restrictions	**6,056,206**	5,511,105
Total Net Assets	**14,691,716**	13,473,023
Total Liabilities and Net Assets	**$ 25,798,297**	$ 22,635,993

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Activities
(with comparative totals for 2022)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues, Gains, and Other Support				
Contributions	$ 4,354,339	$ 4,777,134	**$ 9,131,473**	$ 10,658,149
Special events, net of direct benefits to donors of $301,007 and 131,544, respectively	2,167,435	-	**2,167,435**	1,434,172
Contributed nonfinancial assets	59,870	-	**59,870**	54,435
Grant revenue	-	86,631	**86,631**	25,000
Other revenues	117,939	-	**117,939**	11,710
Net assets released from restrictions (Note 14)	4,427,233	(4,427,233)	**-**	-
Total Revenues, Gains, and Other Support	11,126,816	436,532	**11,563,348**	12,183,466
Expenses				
Program services:				
Performance-based programs	1,867,680	-	**1,867,680**	1,841,800
Development School for Youth and Development Coaching	3,745,824	-	**3,745,824**	3,735,812
Education and Afterschool Development Initiatives	1,560,036	-	**1,560,036**	1,590,903
Operation Conversation	1,048,431	-	**1,048,431**	833,559
Total Program Services	8,221,971	-	**8,221,971**	8,002,074
Supporting services:				
Management and general	1,262,181	-	**1,262,181**	1,521,873
Fundraising	1,668,966	-	**1,668,966**	1,666,537
Total Supporting Services	2,931,147	-	**2,931,147**	3,188,410
Total Expenses	11,153,118	-	**11,153,118**	11,190,484
Change in Net Assets, from operating activities	(26,302)	436,532	**410,230**	992,982
Non-Operating Activities				
Investment income (loss), net	699,894	108,569	**808,463**	(1,170,230)
Total Non-Operating Activities	699,894	108,569	**808,463**	(1,170,230)
Change in Net Assets	673,592	545,101	**1,218,693**	(177,248)
Net Assets, beginning of year	7,961,918	5,511,105	**13,473,023**	13,650,271
Net Assets, end of year	$ 8,635,510	$ 6,056,206	**$ 14,691,716**	$ 13,473,023

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Functional Expenses
(with comparative totals for 2022)

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	**2023**	2022
Salaries and Fringe Benefits										
Salaries	$ 1,033,877	$ 2,223,060	$ 934,831	$ 519,616	$ 4,711,384	$ 636,255	$ 840,913	$ 1,477,168	**$ 6,188,552**	$ 6,014,205
Payroll taxes and employee benefits	227,780	509,352	218,846	108,409	1,064,387	139,445	167,757	307,202	**1,371,589**	1,301,768
Total Salaries and Fringe Benefits	1,261,657	2,732,412	1,153,677	628,025	5,775,771	775,700	1,008,670	1,784,370	**7,560,141**	7,315,973
Other Expenses										
Grants and donations	18,366	-	-	-	18,366	-	-	-	**18,366**	24,817
Professional fees	181,385	285,057	110,480	50,802	627,724	156,514	247,538	404,052	**1,031,776**	819,431
Contributed nonfinancial assets - professional fees	-	-	-	-	-	59,870	-	59,870	**59,870**	24,320
Production	3,369	1,127	354	158	5,008	211	25,972	26,183	**31,191**	31,408
Interest	61,033	118,476	57,443	21,303	258,255	32,198	48,587	80,785	**339,040**	352,419
Fees and charges	14,796	25,964	11,647	5,146	57,553	78,006	8,456	86,462	**144,015**	129,928
Insurance	1,454	2,600	517	186,308	190,879	687	704	1,391	**192,270**	195,461
Telecommunications	14,135	25,544	11,717	4,624	56,020	6,022	9,693	15,715	**71,735**	63,592
Database and computer services	35,326	98,897	40,425	14,074	188,722	33,878	29,738	63,616	**252,338**	261,183
Occupancy	102,591	124,655	57,624	52,673	337,543	38,684	45,081	83,765	**421,308**	255,112
Outreach, cultivation, and training	74,894	146,235	37,131	23,342	281,602	28,470	65,736	94,206	**375,808**	249,131
Advertising and design	16,655	10,822	3,681	3,435	34,593	3,028	20,069	23,097	**57,690**	73,614
Equipment rental	2,660	2,129	622	3,128	8,539	891	34,530	35,421	**43,960**	28,366
Repairs and maintenance	39,064	67,798	31,598	14,243	152,703	29,052	26,404	55,456	**208,159**	145,624
Postage and shipping	1,217	1,856	593	587	4,253	1,056	4,182	5,238	**9,491**	8,986
Office	14,309	50,301	25,175	2,432	92,217	10,150	18,542	28,692	**120,909**	130,129
Space rental	-	1,250	-	-	1,250	177	-	177	**1,427**	-
Catering	6,299	4,531	1,515	848	13,193	1,224	41,537	42,761	**55,954**	7,575
Printing	8,946	8,299	2,603	1,211	21,059	1,162	27,866	29,028	**50,087**	40,896
Dues and subscriptions	4,159	24,539	7,100	1,452	37,250	2,333	1,374	3,707	**40,957**	13,539
Depreciation and amortization	5,365	13,332	6,134	34,640	59,471	2,868	4,287	7,155	**66,626**	711,153
Bad debt expense	-	-	-	-	-	-	-	-	**-**	307,827
Total Expenses	$ 1,867,680	$ 3,745,824	$ 1,560,036	$ 1,048,431	$ 8,221,971	$ 1,262,181	$ 1,668,966	$ 2,931,147	**$ 11,153,118**	$ 11,190,484

See accompanying notes to financial statements.

All Stars Project, Inc.

Statement of Cash Flows
(with comparative totals for 2022)

Year ended December 31,		**2023**		2022
Cash Flows from Operating Activities				
Change in net assets	**$**	**1,218,693**	$	(177,248)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		**66,626**		711,153
Amortization of debt issuance costs		**26,025**		27,218
Donated stocks		**(446,678)**		(1,186,409)
Net realized and unrealized loss (gain) on investments		**(480,387)**		1,412,993
Bad debt expense		**-**		307,827
Change in discount on contributions receivable		**(58,763)**		380,672
Noncash operating lease expense		**175,999**		75,272
Decrease (increase) in:				
Contributions receivable		**(954,855)**		(1,241,131)
Prepaid expenses and other assets		**121,729**		(24,030)
Increase (decrease) in:				
Accounts payable and accrued expenses		**(28,086)**		(387,660)
Accrued salaries and related expenses payable		**64,578**		28,291
Deposit on sale of assets		**900,000**		-
Accrued interest payable		**(247)**		(5,449)
Principal reduction in operating lease liability		**(148,544)**		(70,674)
Net Cash Provided by (Used in) Operating Activities		**456,090**		(149,175)
Cash Flows from Investing Activities				
Purchase of fixed assets		**(11,275)**		(363,920)
Purchase of investments		**(10,616,334)**		(8,759,654)
Proceeds from sale of investments		**9,675,714**		8,263,086
Net Cash Used in Investing Activities		**(951,895)**		(860,488)
Cash Flows from Financing Activities				
Principal payments on loans payable		**-**		(40,741)
Principal payments on mortgage payable		**(366,232)**		(349,304)
Net Cash Used in Financing Activities		**(366,232)**		(390,045)
Net Decrease in Cash and Cash Equivalents		**(862,037)**		(1,399,708)
Cash and Cash Equivalents, beginning of year		**2,669,787**		4,069,495
Cash and Cash Equivalents, end of year	**$**	**1,807,750**	$	2,669,787
Supplemental Disclosure of Cash Flow Information				
Cash paid during the year for interest	**$**	**313,262**	$	330,650
Right-of-use assets obtained in exchange for new operating lease liabilities		**1,496,124**		814,726

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 All Stars Talent Show Network

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.

The Performance Lab

ASP's newest initiative, partners with theater artists, organizations and enclaves across the country to showcase and produce cultural events and bridge-building activities that explore human relations and social conflict through the lens of performance—both on stage and in life.

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.

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

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.

Strategic and Thought Leadership Initiatives

Through innovative collaborations and strategic partnerships, ASP works closely with nonprofit, community college, and corporate partners interested in incorporating its performance approach in the design and implementation of training solutions and new afterschool programming, as well as in the creation of workforce development and diversity and inclusion initiatives. ASP further invests in thought leadership activities, conversations, writing, and research to advance afterschool development as a field and a game-changing strategy for social transformation.

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 (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 the 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 is an allowance of $307,827 as of December 31, 2023.

Assets and Mortgage on Assets Held for Sale

The assets and mortgage for the New York City office that meet accounting requirements to be classified as held-for-sale are presented as single asset and liability amounts in the statement of financial position.

The determination of fair value for assets involves judgments and assumptions.

Development of estimates of fair values in this circumstance is dependent upon, among other factors, the nature of the potential sale transaction, composition of assets and liabilities, the comparability to market transactions, negotiations with purchaser, etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates.

ASP reviews all assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

Assets are reported at carrying costs.

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, 2023, debt issuance costs of $208,919 are netted against mortgage on assets held for sale on the statement of financial position and the total interest expense for debt issuance costs is $26,025 for the year ended December 31, 2023.

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:

Asset Category	Years
Building	40
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, 2023, 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 events. 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 2023, the exchange portion of all special event tickets associated with special event revenues was $218,320. At December 31, 2023, 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. The services include legal services. These donated services are reported in the statement of activities as contributed nonfinancial assets and in the statement of functional expenses as contributed nonfinancial assets – professional fees.

Year ended December 31, 2023

Financial Statement Disaggregation	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques/Inputs
Contributed nonfinancial assets	$ 59,870	Management and general	No donor restrictions	Estimated fair-market value based on industry prevailing rates for similar services.

All the officers who are not compensated, as well as a number of other volunteers, have contributed significant amounts of time to ASP. These financial statements do not reflect a value for these donated services, as they do not meet the requirements for recognition under GAAP.

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, 2023, 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 2018.

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 (FDIC) insurance limits. The financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

On May 1, 2023, First Republic Bank (FRB), ASP’s primary banking institution and a party to ASP’s mortgage, was closed by the California Department of Financial Protection, and its assets were seized by the FDIC. JPMorgan Chase, N.A. (JPMorgan) acquired a substantial majority of FRB’s assets, including deposits and loans from the FDIC. ASP became a depositor of JPMorgan, immediately upon JPMorgan’s acquisition. ASP has retained full access to the deposit account and has not experienced any losses or interruptions in operations, including repayments of the mortgage (see Note 9). As of the date of the report, FRB’s banking operations are continuing as usual.

ASP assessed its risk and diversified its cash holdings by opening additional accounts at different banks before the FDIC seizure and its balances at FRB were below the $250,000 FDIC insurance limit. Management continues to evaluate its risk arising from cash concentration as part of an overall risk assessment strategy.

Use of Estimates

The preparation of financial statements in conformity with 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.

Leases

ASP determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. ASP does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Recently Adopted Accounting Pronouncements

Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued Accounting Standards Update (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. In November 2019, the FASB issued ASU 2019-10 to extend the effective date of ASU 2016-13 for annual periods beginning after December 15, 2022. Management adopted ASU 2016-13 for the year ended December 31, 2023 and has determined that the impact of adopting ASU 2016-13 is not material to the financial statements.

Reclassifications

Certain prior-year amounts were reclassified to conform to the current financial statement presentation.

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, 2023		
Cash and cash equivalents	$	1,807,750
Investments, at fair value, current portion		4,094,216
Contributions receivable, current portion		1,579,000
Less: permanent endowment within cash and cash equivalents		(50,415)
Total Financial Assets Available to Management for General Expenditures Within One Year	**$**	**7,430,551**

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.

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 the valuation methodology as of December 31, 2023.

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

Fixed Income Securities - These assets are priced by ASP's custodian using nationally recognized pricing services. Fixed income securities generally do not trade on a daily basis. For these securities, the pricing services prepare estimates of fair value measurements using their proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings, and matrix pricing. These investments are classified as Level 2.

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 method is 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, 2023.

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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Mutual funds - equities	$ 2,953,063	$ -	$ -	$ 2,953,063
Exchange-traded funds - equities	2,941,247	-	-	2,941,247
Common stocks	102,447	-	-	102,447
Fixed income	-	3,756,248	-	3,756,248
	$ 5,996,757	$ 3,756,248	$ -	$ 9,753,005

5. Contributions Receivable, Net

Contributions receivable have been recorded at present value. At December 31, 2023, the net present value discount rates ranged from 1.9% to 9.71%, respectively.

December 31, 2023

Amount due in:	
One year	$ 1,579,000
Two to five years	3,677,500
	5,256,500
Less: allowance for uncollectible receivables	(307,827)
Less: discount	(460,699)
Total	$ 4,487,974

6. Assets Held for Sale

During 2022, ASP's management, with approval from the Board of Directors, committed to a plan to sell its condominium assets, used as its New York City office location. In January 2023, the Board approved the signing of the sales-purchase agreement and ASP obtained the approval from the New York Attorney General. Subsequent to year end, the purchaser was in default. ASP's position is that the deposit on the sale of assets held for sale will remain with ASP. At the date of the financial statements, the property is being marketed. As of December 31, 2023, the amount recognized as assets held for sale is $6,124,645, which equals the carrying value of the condominium and improvements.

7. Leases and Lease Commitments

ASP evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent ASP's right to use underlying assets for the lease term, and the lease liabilities represent ASP's obligations to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments using a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments over the terms of the lease agreements. All ASP's ROU assets and lease liabilities are related to operating leases.

In September 2021, ASP entered into a lease agreement at the Newark Gateway Center. The commencement date for the concourse space was November 30, 2021, and the commencement date for the office space was February 3, 2022. The extension provisions included in the lease are not reasonably certain to be exercised; therefore, all payments associated with the lease extension are not included in the ROU assets nor the lease liabilities recognized as of December 31, 2023.

ASP entered into a lease agreement for ASP's Chicago office in August 2022, with a commencement date of February 15, 2023. The extension provisions included in the lease are not reasonably certain to be exercised; therefore, all payments associated with the lease extension are not included in the ROU assets nor the lease liabilities recognized as of December 31, 2023.

In December 2023, ASP entered into a lease agreement for the New York City space, with a commencement date of December 30, 2023. The extension provisions included in the lease agreement are included in the ROU assets and the lease liabilities recognized as of December 31, 2023, because management reasonably believes that the options would be exercised.

There were no transition items and entries required for the year ended December 31, 2023.

For the year ended December 31, 2023, an operating lease cost associated with the lease assets and liabilities was $258,852, and cash paid for amounts included in the measurement of lease liabilities totaled $148,544.

The weighted-average remaining lease terms and discount rates for the operating leases and finance lease are as follows:

December 31, 2023	
Weighted-average remaining lease term – operating leases	5.03 years
Weighted-average discount rate – operating leases	3.15%

The lease liabilities associated with future lease payments at December 31, 2023 are as follows:

Year ending December 31,		
2024	$	405,907
2025		425,820
2026		349,429
2027		251,183
2028		254,671
Thereafter		699,082
		2,386,092
Less: imputed interest		(219,195)
Present Value of Net Minimum Lease Payments	$	**2,166,897**

8. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2023		
Land	$	225,000
Building		485,000
Leasehold improvements		492,898
Furniture, fixtures, and equipment		235,972
Video and light equipment		230,648
Computer equipment		190,840
		1,860,358
Less: accumulated depreciation and amortization		(808,099)
Fixed Assets, Net	$	1,052,259

Depreciation and amortization expense was $66,626 for the year ended December 31, 2023.

9. Mortgage Payable

ASP has a tax-exempt mortgage loan payable from FRB through Build NYC Resource Corporation (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, 2023 was $7,622,431. Interest expense for the year ended December 31, 2023 totaled $339,040, including $26,025 for amortization of debt issuance costs.

The loan covenants require a debt service ratio of 1.20 to 1.00. 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, 2023, 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, 2023, the unamortized debt issuance costs were $208,919. The effective interest rate for the year ended December 31, 2023 is 4.28%.

Future payments required subsequent to December 31, 2023 are as follows:

Year ending December 31,		
2024	$	380,436
2025		396,810
2026		412,997
2027		429,844
2028		446,707
Thereafter		5,555,637
		7,622,431
Less: unamortized debt issuance costs		(208,919)
Mortgage Payable, Net	$	7,413,512

As of December 31, 2023, the property associated to the mortgage is classified as assets held for sale (see Note 6); as a result, the entire balance of the mortgage payable, net of deferred financing costs, will be paid off at the closing of the sale and is classified as a liability held for sale in the statement of financial position.

10. Line of Credit

ASP has entered into a revolving line of credit agreement dated December 1, 2020 with FRB for $1,000,000 bearing a variable interest rate based on the prime rate plus 0.5 percentage points. The line of credit expires in May 2024. As of report date, ASP has not renewed the line of credit. At December 31, 2023, ASP has not borrowed funds under the line of credit.

11. Employee Benefit Plans

ASP maintains an employee benefit plan under Section 403(b) of the Code covering all qualified employees. ASP matches 25% of the employee contributions bi-annually. For the year ended December 31, 2023, ASP's employer contribution was $135,252.

12. Related Party Transactions

ASP has received gifts from board members. As of December 31, 2023, 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 $970,000.

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 contributed nonfinancial assets on the statement of activities amounted to $59,870 in 2023.

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 New Jersey Development School for Youth, and a donor-restricted endowment for operations. As required by 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, 2023, there are no underwater endowments.

Endowment Net Asset Composition by Type of Fund

The endowment net asset composition of $2,363,647 consists of the following:

December 31, 2023

	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:			
New Jersey 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	206,176	633,123	839,299
Cumulative release of income into operations	(25,492)	(94,508)	(120,000)
Total Spendable Funds	180,684	538,615	719,299
Total Endowment Net Assets	$ 930,684	$ 1,432,963	$ 2,363,647

Changes in Endowment Net Assets

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ 839,638	$ 1,324,394	$ 2,164,032
Investment income, net	91,046	108,569	199,615
Endowment Net Assets, end of year	$ 930,684	$ 1,432,963	$ 2,363,647

14. Net Assets with Donor Restrictions

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

December 31, 2023		
Subject to passage of time:		
Pledges receivable (not purpose-restricted)	$	1,522,973
Subject to incurring expenses to satisfy donor restrictions:		
All Stars Project of Dallas		2,070,000
Performance-based programs - Performance Lab		100,000
Development School for Youth/Development Coaching		902,274
Operation Conversation: Cops and Kids		27,996
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
New Jersey Development School for Youth		101,000
Available for general operating purposes		793,348
Subject to ASP endowment spending policy and appropriation:		
New Jersey Development School for Youth		60,213
Available for general operating purposes		478,402
	$	6,056,206

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, 2023		
Operation Conversation: Cops and Kids	$	252,941
Performance-based programs		142,283
Development School for Youth		576,569
All Stars Project of the San Francisco Bay Area		83,324
All Stars Project of Chicago		421,502
All Stars Project of New Jersey		79,127
All Stars Project of Dallas		1,062,749
Passage of time		1,808,738
	$	4,427,233

15. Conditional Contribution

As of December 31, 2023, ASP has received a five-year $400,000/year conditional promise to give for the expansion of All Stars Project of Dallas and national training capabilities in 2024 through 2028, that is not recognized in the financial statements and is contingent on reaching annual milestones, which will be established and evaluated each year.

16. Subsequent Events

ASP's management has evaluated its December 31, 2023 financial statements for subsequent events through May 31, 2024, the date the financial statements were available to be issued. Other than the matters noted in Notes 2, 6, 7, 9 and 10, management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.