

New York Foundation for the Arts, Inc.

Financial Statements

June 30, 2024 and 2023

Independent Auditors' Report

Board of Directors
New York Foundation for the Arts, Inc.

Opinion

We have audited the accompanying financial statements of New York Foundation for the Arts, Inc. ("NYFA") (a "Not for Profit Organization") which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NYFA as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of NYFA and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 NYFA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 NYFA'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 NYFA'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.

PKF O'Connor Davies, LLP

Harrison, New York
March 3, 2025

New York Foundation for the Arts, Inc.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash	\$ 11,284,656	\$ 8,110,404
Cash, Musical Instrument Revolving Loan Fund (MIRLF)	854,287	852,059
Investments, at fair value	3,684,304	3,302,927
Contributions and grants receivable	387,533	383,830
Loans receivable, MIRLF	14,945	17,173
Loans receivable other	-	38,000
Prepaid expenses	23,337	89,087
Security deposits	51,341	51,341
Property and equipment, net	56,651	69,963
Right-of-use asset, operating lease	1,610,668	1,757,014
	\$ 17,967,722	\$ 14,671,798
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 231,407	\$ 183,783
Grants payable	726,620	731,000
Due to Sponsored Emerging Organizations	413,884	298,471
Due to MIRLF	869,232	869,232
Deferred revenue	171,830	159,005
Deferred grant revenue	3,298,313	2,758,989
Operating lease liability	1,770,520	1,881,416
Total Liabilities	7,481,806	6,881,896
Net Assets		
Without Donor Restrictions		
Operating	1,576,990	1,554,441
Board designated	1,083,810	1,083,810
Total Without Donor Restrictions	2,660,800	2,638,251
With donor restrictions	7,825,116	5,151,651
Total Net Assets	10,485,916	7,789,902
	\$ 17,967,722	\$ 14,671,798

New York Foundation for the Arts, Inc.

Statements of Activities and Changes in Net Assets
Year Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions and grants	\$ 5,485,965	\$ 8,477,085	\$ 13,963,050	\$ 6,565,558	\$ 6,324,036	\$ 12,889,594
Special events, net of direct costs of \$154,735 and \$134,353 for 2024 and 2023	247,498	-	247,498	228,832	-	228,832
Administrative fees	570,918	-	570,918	507,563	-	507,563
Investment income, net	240,498	72,822	313,320	156,383	77,227	233,610
Program service fees	1,115,583	-	1,115,583	1,361,853	-	1,361,853
Rental and other income	11,476	-	11,476	22,845	-	22,845
Net assets released from restrictions	<u>5,876,442</u>	<u>(5,876,442)</u>	<u>-</u>	<u>6,856,891</u>	<u>(6,856,891)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>13,548,380</u>	<u>2,673,465</u>	<u>16,221,845</u>	<u>15,699,925</u>	<u>(455,628)</u>	<u>15,244,297</u>
EXPENSES						
Program services	<u>11,854,294</u>	<u>-</u>	<u>11,854,294</u>	<u>14,119,420</u>	<u>-</u>	<u>14,119,420</u>
Supporting Services						
Management and general	914,995	-	914,995	713,915	-	713,915
Fundraising and communications	<u>756,542</u>	<u>-</u>	<u>756,542</u>	<u>746,720</u>	<u>-</u>	<u>746,720</u>
Total Supporting Services	<u>1,671,537</u>	<u>-</u>	<u>1,671,537</u>	<u>1,460,635</u>	<u>-</u>	<u>1,460,635</u>
Total Expenses	<u>13,525,831</u>	<u>-</u>	<u>13,525,831</u>	<u>15,580,055</u>	<u>-</u>	<u>15,580,055</u>
Change in Net Assets	22,549	2,673,465	2,696,014	119,870	(455,628)	(335,758)
NET ASSETS						
Beginning of Year	<u>2,638,251</u>	<u>5,151,651</u>	<u>7,789,902</u>	<u>2,518,381</u>	<u>5,607,279</u>	<u>8,125,660</u>
End of Year	<u>\$ 2,660,800</u>	<u>\$ 7,825,116</u>	<u>\$ 10,485,916</u>	<u>\$ 2,638,251</u>	<u>\$ 5,151,651</u>	<u>\$ 7,789,902</u>

See notes to financial statements

New York Foundation for the Arts, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services								Supporting Services				Total
	Fiscal Sponsorships	NYC Made in NY Women's Film Program	Learning	NYSCA/NYFA Fellowship Grants	Programs Technology	Online Resources for Artists	Other Programs	Total	Management and General	Fundraising and Communications	Special Events	Total	
Salaries	\$ 306,934	\$ 37,120	\$ 340,007	\$ 83,003	\$ 141,783	\$ 185,412	\$ 266,547	\$ 1,360,806	\$ 481,755	\$ 560,225	\$ -	\$ 1,041,980	\$ 2,402,786
Payroll taxes and employee benefits	42,993	18,953	43,529	27,338	25,883	35,408	116,946	311,050	95,435	55,966	-	151,401	462,451
Total Personnel Costs	349,927	56,073	383,536	110,341	167,666	220,820	383,493	1,671,856	577,190	616,191	-	1,193,381	2,865,237
Fellowships and grants	4,961,428	1,065,144	-	687,000	-	-	2,443,423	9,156,995	-	-	-	-	9,156,995
Project production	-	22,390	-	25,200	-	-	30,742	78,332	1,400	-	-	1,400	79,732
Occupancy and storage	32,682	6,929	38,311	13,683	12,740	24,188	24,492	153,025	49,735	56,639	-	106,374	259,399
Travel	3,880	-	3,843	41	-	330	-	8,094	15,354	1,094	-	16,448	24,542
Printing and duplicating	280	74	314	78	135	190	259	1,330	442	604	-	1,046	2,376
Telephone and internet provider	1,762	463	1,971	493	851	1,195	1,627	8,362	4,303	3,793	-	8,096	16,458
Postage and shipping	468	123	950	131	226	427	497	2,822	15,088	1,041	-	16,129	18,951
Advertising and public relations	-	-	-	-	-	-	-	-	-	7,104	-	7,104	7,104
Office supplies	318	84	1,073	89	154	252	361	2,331	618	752	-	1,370	3,701
Repairs and maintenance	2,291	602	2,563	641	1,107	1,553	2,117	10,874	7,791	4,932	-	12,723	23,597
Equipment expense	2,694	708	3,014	753	184,932	1,827	2,490	196,418	4,247	5,799	-	10,046	206,464
Insurance expense	3,514	923	3,931	983	1,698	2,383	3,247	16,679	5,640	7,565	-	13,205	29,884
Professional fees	5,000	1,314	402,377	1,398	40,015	3,390	5,856	459,350	189,075	19,624	-	208,699	668,049
Board expenses	-	-	-	-	-	-	-	-	3,405	-	-	3,405	3,405
Hospitality	226	25	10,270	26	46	63	88	10,744	4,866	8,670	-	13,536	24,280
Event space and catering	-	-	-	-	-	-	-	-	-	-	154,735	154,735	154,735
Depreciation and amortization	7,590	1,994	8,489	2,123	3,666	5,145	7,010	36,017	11,962	16,336	-	28,298	64,315
Conference attendance	1,386	-	-	-	-	30	-	1,416	725	-	-	725	2,141
Credit card and bank fees	626	-	2,907	-	-	28,650	-	32,183	1,577	981	-	2,558	34,741
Professional development	813	9	1,080	10	17	24	33	1,986	8,570	3,040	-	11,610	13,596
Miscellaneous	1,133	280	1,541	298	524	722	982	5,480	13,007	2,377	-	15,384	20,864
Total Expenses	5,376,018	1,157,135	866,170	843,288	413,777	291,189	2,906,717	11,854,294	914,995	756,542	154,735	1,826,272	13,680,566
Less expenses deducted from revenues on the statements of activities	-	-	-	-	-	-	-	-	-	-	(154,735)	(154,735)	(154,735)
Total Expenses as Reported by Function on the Statements of Activities	\$ 5,376,018	\$ 1,157,135	\$ 866,170	\$ 843,288	\$ 413,777	\$ 291,189	\$ 2,906,717	\$ 11,854,294	\$ 914,995	\$ 756,542	\$ -	\$ 1,671,537	\$ 13,525,831

New York Foundation for the Arts, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services								Supporting Services				Total
	Fiscal Sponsorships	NYC Made in NY Women's Film Program	Learning	NYSCA/NYFA Fellowship Grants	Programs Technology	Online Resources for Artists	Other Programs	Total	Management and General	Fundraising and Communications	Special Events	Total	
Salaries	\$ 277,667	\$ 72,980	\$ 296,620	\$ 261,565	\$ 145,917	\$ 279,527	\$ -	\$ 1,334,276	\$ 402,484	\$ 524,183	\$ -	\$ 926,667	\$ 2,260,943
Payroll taxes and employee benefits	48,743	29,236	47,816	44,543	33,887	49,029	24,379	277,633	83,273	65,353	-	148,626	426,259
Total Personnel Costs	326,410	102,216	344,436	306,108	179,804	328,556	24,379	1,611,909	485,757	589,536	-	1,075,293	2,687,202
Fellowships and grants	5,762,051	1,951,340	15,000	730,000	-	-	3,028,675	11,487,066	-	-	-	-	11,487,066
Project production	-	45,100	-	29,250	-	-	44,840	119,190	6,545	-	-	6,545	125,735
Occupancy and storage	46,479	7,369	36,221	41,255	40,379	41,529	-	213,232	76,189	56,215	-	132,404	345,636
Travel	1,921	-	16,017	-	-	20	-	17,958	15,896	-	-	15,896	33,854
Printing and duplicating	859	177	813	734	517	740	-	3,840	1,232	1,977	-	3,209	7,049
Telephone and internet provider	2,321	479	2,196	1,982	1,396	2,000	-	10,374	3,760	4,625	-	8,385	18,759
Postage and shipping	781	156	955	644	563	669	48	3,816	17,172	2,065	-	19,237	23,053
Advertising and public relations	-	-	-	-	-	3,515	-	3,515	-	17,293	-	17,293	20,808
Office supplies	768	145	737	918	423	605	-	3,596	1,889	1,452	-	3,341	6,937
Repairs and maintenance	7,640	1,575	7,229	6,523	4,596	6,582	-	34,145	9,403	15,221	-	24,624	58,769
Equipment expense	3,576	737	4,161	3,053	160,676	3,081	-	175,284	4,401	7,124	-	11,525	186,809
Insurance expense	3,144	648	2,975	2,685	1,891	2,709	-	14,052	3,970	6,264	-	10,234	24,286
Professional fees	8,563	4,762	162,159	4,940	3,378	6,520	128,624	318,946	33,120	20,400	-	53,520	372,466
Board expenses	-	-	-	-	-	-	-	-	2,156	-	-	2,156	2,156
Hospitality	644	-	5,845	475	458	446	-	7,868	6,049	1,832	-	7,881	15,749
Event space and catering	-	-	-	-	-	-	-	-	-	-	134,353	134,353	134,353
Depreciation and amortization	9,092	1,874	8,603	7,763	5,469	7,833	-	40,634	11,191	18,114	-	29,305	69,939
Conference attendance	-	-	-	-	-	-	-	-	252	-	-	252	252
Credit card and bank fees	-	-	1,376	-	-	40,967	-	42,343	2,321	1,074	-	3,395	45,738
Professional development	1,555	142	3,279	589	415	595	-	6,575	14,513	1,375	-	15,888	22,463
Miscellaneous	1,419	223	1,005	867	650	913	-	5,077	18,099	2,153	-	20,252	25,329
Total Expenses	6,177,223	2,116,943	613,007	1,137,786	400,615	447,280	3,226,566	14,119,420	713,915	746,720	134,353	1,594,988	15,714,408
Less expenses deducted from revenues on the statements of activities													
Direct expenses of special events	-	-	-	-	-	-	-	-	-	-	(134,353)	(134,353)	(134,353)
Total Expenses as Reported by Function on the Statements of Activities	\$ 6,177,223	\$ 2,116,943	\$ 613,007	\$ 1,137,786	\$ 400,615	\$ 447,280	\$ 3,226,566	\$ 14,119,420	\$ 713,915	\$ 746,720	\$ -	\$ 1,460,635	\$ 15,580,055

New York Foundation for the Arts, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,696,014	\$ (335,758)
Adjustment to reconcile change in net assets to net costs from operating activities		
Depreciation and amortization	64,315	69,939
Realized and unrealized (gains) losses	(176,471)	(165,530)
Amortization of operating lease right-of-use asset	146,346	70,069
Changes in operating assets and liabilities		
Contributions and grants receivable	(3,703)	(78,828)
Prepaid expenses	65,750	(36,804)
Security deposits	-	(45,149)
Accounts payable and accrued expenses	47,624	(3,849)
Grants payable	(4,380)	731,000
Due to Sponsored Emerging Organizations	115,413	(189,457)
Due to MIRLF	-	(25,410)
Deferred revenue	12,825	(2,241)
Deferred grant revenue	539,324	374,931
Operating lease liability	(110,896)	43,548
Net Cash from Operating Activities	3,392,161	406,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(51,003)	(69,939)
Purchase of investments	(272,262)	(718,738)
Proceeds from sales of investments	67,356	93,902
Advances made on loans receivable	-	(38,000)
Principal payments received on loans receivable	40,228	2,250
Net Cash from Investing Activities	(215,681)	(730,525)
Net Change in Cash and Restricted Cash	3,176,480	(324,064)
CASH AND RESTRICTED CASH		
Beginning of Year	8,962,463	9,286,527
End of Year	\$ 12,138,943	\$ 8,962,463
RECONCILIATION OF CASH AND RESTRICTED CASH TO STATEMENT OF FINANCIAL POSITION		
Cash	\$ 11,284,656	\$ 8,110,404
Cash (MIRLF)	854,287	852,059
	\$ 12,138,943	\$ 8,962,463

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization

Nature of Operations

New York Foundation for the Arts, Inc. (“NYFA”) is a publicly supported, nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. NYFA’s mission is to empower artists at critical stages in their lives. This work has been conducted since 1971, evolving to serve artists through a number of different channels, including: awards and grants to individual artists, fiscal sponsorships, fundraising support, professional development training and online services.

NYFA is primarily supported by grants and contributions.

Income Taxes

NYFA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, NYFA is subject to federal income tax on any unrelated business taxable income.

NYFA files tax returns in the U.S. federal jurisdiction.

2. Summary of Significant Accounting Policies

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Uninvested cash included in investment accounts, including endowment accounts, are not considered to be cash.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions, and then released through restrictions. Other investment return is reflected in the statements of activities and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

NYFA maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Fair Value of Measurements

NYFA follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which NYFA has an unconditional right to receive plus any accrued and unpaid interest. NYFA provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. There were no accounts receivable at June 30, 2024 and 2023.

Allowance for Doubtful Accounts – Contributions Receivable

Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Management did not record an allowance for doubtful accounts as of June 30, 2024 and 2023 as all receivables are expected to be received.

Contributions

Contributions are provided to NYFA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on NYFA overcoming a donor-imposed barrier to be entitled to the funds.	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Estimated at fair value
Received at date of gift – property, equipment and long-lived assets	Estimated at fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Contributions (continued)

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets 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.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets with donor restrictions, and then released through restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets with donor restrictions, and then released through restrictions.

Property and Equipment

Property and equipment acquisitions over \$1,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and equipment	3-5 years
Website development	3-5 years

Long-Lived Asset Impairment

NYFA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value, less costs to sell.

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. At June 30, 2024 and 2023, \$1,083,810 of NYFA's net assets without donor restriction were Board designated.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions.

From time to time, NYFA may receive gifts of net assets with donor restrictions that contain a stipulation that the assets provided be maintained permanently (perpetual in nature) while permitting NYFA to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board approved spending policy. At June 30, 2024 and 2023, NYFA had net assets with donor restrictions of \$537,088 that are maintained permanently.

Revenue Recognition

Administrative Fees: Administrative fees include fees charged for managing artists' funds and administering grants. Fees are based upon a percentage of assets being managed by NYFA on behalf of the individual artist and recognized as NYFA satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or an amount that reflects the consideration to which NYFA expects to be entitled in exchange for providing services. NYFA determines the transaction price based on standard charges for services provided.

Program Service Fees: Program service fees are charged for various programs held throughout the year. Revenue is reported at the amount of consideration which NYFA expects to be entitled in exchange for providing services. NYFA determines the transaction price based on standard charges for services provided.

Rental and Other Income: Rental income includes fees for short-term rentals and commissions and is recognized when earned in accordance with the related agreements.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Due to Sponsored Emerging Organizations

NYFA acts as the fiscal agent on behalf of sponsored emerging organizations. As such, NYFA collects revenues on behalf of the sponsored emerging organizations from earned income of those organizations, such as art sales, ticket sales from performances, etc. NYFA also pays those organizations' expenses from the funds collected. Amount due to sponsored emerging organizations at year end represents excess of the revenues over expenses.

Fellowships and Grants Payable

NYFA records fellowship grants or other grants as expenses when unconditional grants are approved and the grantees are notified. At June 30, 2024 and 2023, there was \$726,620 and \$731,000 of grants payable.

Musical Instrument Revolving Loan Fund (MIRLF)

In 2018, NYFA took over operating the Musical Instrument Revolving Loan Fund (MIRLF), a program funded by the New York State Council for the Arts (NYSCA). The MIRLF provides loans at a 3 percent interest rate to organizations and individuals to purchase musical instruments. NYFA manages and tracks the loans for NYSCA and charges a yearly administrative fee to the program. NYSCA is responsible for reviewing the outstanding loans for impairments and write offs. All loans are due within the next year. Restricted cash and loans receivable are equivalent to amounts due to MIRLF under this program.

Advertising

Advertising costs are expensed in the year they are incurred. For the years ended June 30, 2024 and 2023, advertising expenses were \$7,104 and \$20,808.

Functional Allocation of Expenses

The costs of providing NYFA's services have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs such as personal costs, fellowships and grants, occupancy and storage, professional fees, and other expenses have been allocated among the program, management and general and fundraising categories based on the square footage methodology and other methods.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Financial Instruments – Credit Losses

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard removes the previous requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current conditions and reasonable and supportable forecasts to estimate their future expected credit losses. NYFA adopted ASU 2016-13 effective July 1, 2023. The adoption did not have an impact on NYFA’s financial statements.

Leases

NYFA’s policy for finance and operating leases is to record a right-of-use (“ROU”) asset and lease obligation based on the present value of the lease payments calculated based on stated discount rate per lease agreement or in the absence of stated discount rate, NYFA’s incremental borrowing rate over the lease term, when the initial term of the lease exceeds 12 months. Lease payments related to periods subject to renewal options are excluded for purposes of calculating the operating ROU asset and operating lease obligation unless NYFA is reasonably certain to exercise the option to extend the lease. Lease expense for operating leases is recognized on a straight-line basis over the term of the lease.

NYFA applies the short-term lease exemption to one of its classes of underlying asset: storage unit lease. During the years ended June 30, 2024 and 2023, the short-term lease cost included in occupancy and storage in the accompanying statements of functional expense were approximately \$22,000 and \$13,000.

Accounting for Uncertainty in Income Taxes

NYFA recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that NYFA had no uncertain tax positions that would require financial statement recognition or disclosure.

Reclassifications

Certain reclassifications have been made to the 2023 balances in order to conform to the 2024 presentation.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or possible recognition in the financial statements through March 3, 2025, which is the date that the financial statements were available to be issued.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

3. Investments

The following are major categories of investments of NYFA measured at fair value on a recurring basis grouped by the fair value hierarchy for those investments subject to categorization within such hierarchy at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents, at cost	\$ 47,016	\$ 32,344
Level 1 (Quoted Prices in Active Markets)		
Equity funds - domestic	780,574	636,134
Mutual funds - income and growth	1,913,821	2,069,804
Corporate fixed income	222,070	-
Exchange traded funds - domestic	<u>720,823</u>	<u>564,645</u>
	<u>\$ 3,684,304</u>	<u>\$ 3,302,927</u>

4. Conditional Gifts

NYFA has received \$3,298,313 and \$2,758,989 of conditional grants at June 30, 2024 and 2023 that are recognized as deferred grant revenue and expected to be recognized as grant income in future years. The conditional grants will be recognized into revenue when qualifying expenses are incurred.

5. Contributions Receivable

Contributions receivable of \$387,533 and \$383,830 at June 30, 2024 and 2023 consisted of amounts due in less than one year.

6. Property and Equipment

Property and equipment, at cost, consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 375,735	\$ 375,735
Website development	<u>1,564,294</u>	<u>1,513,291</u>
	1,940,029	1,889,026
Less accumulated depreciation and amortization	<u>(1,883,378)</u>	<u>(1,819,063)</u>
	<u>\$ 56,651</u>	<u>\$ 69,963</u>

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

7. Line of Credit

In May 2015, NYFA renewed its line of credit agreement with JPMorgan Chase Bank, NA. It is a revolving line of credit and is secured by all assets held by NYFA. The line of credit is renewable annually and has a maximum drawdown of \$250,000. Interest is payable at a variable rate equal to the prime rate plus .05 percent, which was 8.55% and 8.3% at June 30, 2024 and 2023. As of June 30, 2024 and 2023, no balance was outstanding.

8. Revenue from Contracts with Customers

Advertising, Program Service and Administrative Fees Revenue

Performance obligations are determined based on the nature of the services provided by NYFA in accordance with contracts. Revenue for performance obligations satisfied over time is recognized ratably over the period as NYFA satisfies its performance obligations. NYFA believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Transaction Price and Recognition

NYFA determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with NYFA's policy and implicit price concessions provided to customers. NYFA determines its estimates of explicit price concessions based on its discount policies. NYFA determines its estimate of implicit price concessions based on its historical collection experience with this class of customers.

NYFA has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, customer, governmental programs and others) that have different reimbursement and payment methodologies
- NYFA's line of business that provided the service

For the years ended June 30, 2024 and 2023, NYFA recognized revenue of \$1,686,501 and \$1,869,416 from goods and services that transfer to the customer over time.

Contract Balances

NYFA does not have receivables or contract assets from contracts with customers. The following table provides information about NYFA's contract liabilities from contracts with customers included as deferred revenue in the accompanying statement of financial position:

	2024	2023
Beginning of the year	\$ 159,005	\$ 161,246
End of the year	171,830	159,005

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

9. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions have been designated for the following purposes at June 30:

	2024	2023
Undesignated	\$ 1,576,990	\$ 1,554,441
Designated by the Board for operating reserve	1,083,810	1,083,810
	\$ 2,660,800	\$ 2,638,251

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2024	2023
Subject to expenditure for specified purpose		
Artists' Fund	\$ 1,324,113	\$ 928,430
Fiscal Sponsorship	4,235,429	2,795,251
New York State Council on the Arts Fellowship	8,032	8,032
Artists Business Incubator	4,477	4,477
Core Activities	1,320,487	553,705
	6,892,538	4,289,895
Endowments		
Subject to appropriation and expenditure over time, of which a portion is restricted in perpetuity by donors	932,578	861,756
	\$ 7,825,116	\$ 5,151,651

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30:

	2024	2023
Satisfaction of purpose restrictions		
Artists' Fund	\$ 559,710	\$ 850,840
Fiscal Sponsorship	4,961,232	5,762,051
New York State Council on the Arts Fellowship	20,000	25,000
Endowment	2,000	15,000
Core Activities	333,500	204,000
	\$ 5,876,442	\$ 6,856,891

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

10. Endowment

NYFA's governing body is subject to the *State of New York Prudent Management of Institutional Funds Act* (NYPMIFA). As a result, NYFA classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

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

1. Duration and preservation of the fund
2. Purposes of NYFA and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of NYFA
7. Investment policies of NYFA

NYFA's endowment consists of approximately two individual funds whose assets are to be held in perpetuity. As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30 was:

	<u>2024</u>	<u>2023</u>
	With Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 537,088	\$ 537,088
Accumulated investment gains	<u>395,490</u>	<u>324,668</u>
Endowment net assets, end of year	<u>\$ 932,578</u>	<u>\$ 861,756</u>

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

10. Endowment (*continued*)

Change in endowment net assets for the years ended June 30 was:

	<u>2024</u>	<u>2023</u>
	With Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 861,756	\$ 799,529
Investment return	72,822	77,227
Appropriation of endowment assets for expenditures	<u>(2,000)</u>	<u>(15,000)</u>
Endowment net assets, end of year	<u>\$ 932,578</u>	<u>\$ 861,756</u>

Investment and Spending Policies

NYFA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds NYFA must hold in perpetuity or for donor-specified periods. Under NYFA's policies, endowment assets are invested in a manner that is intended to produce results that generate income and maintain the principal endowment funds at the original amount designated by the donor while assuming a lower level of investment risk.

To satisfy its long-term rate of return objectives, NYFA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). NYFA targets a low-risk securities to achieve its long-term return objectives within prudent risk constraints.

NYFA has a spending policy of appropriating for expenditure each year a maximum of 7 percent of its endowment fund's average fair value over the prior three years through the year-end preceding the year in which expenditure is planned. In establishing this policy, NYFA considered the long-term expected return on its endowment. This is consistent with NYFA's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

NYFA does not have any funds with deficiencies.

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

11. Operating Leases

The following schedule summarizes information related to the lease assets and liabilities as of and for the years ended June 30:

	2024	2023
Lease cost for the years ended June 30:		
Operating lease cost	\$ 236,654	\$ 157,769
Other information:		
Cash paid for amounts included in the measurement of operating lease liabilities	201,201	33,367
Weighted-average remaining lease term - operating leases	8.83	9.83
Weighted-average discount rate - operating leases	4.80%	4.80%

The following table presents the lease-related assets and liabilities for the years ended June 30:

	Statement of Financial Position Classification	2024	2023
Assets:			
Operating leases	Right-of-use assets, operating lease	\$ 1,827,083	\$ 1,827,083
Accumulated amortization		216,415	70,069
Operating leases	Right-of-use assets, operating lease	\$ 1,610,668	\$ 1,757,014
Liabilities:			
Operating leases	Operating lease liability	\$ 1,770,520	\$ 1,881,416

The following table reconciles the undiscounted lease payments to the lease liabilities recorded on the accompanying statement of financial position at June 30, 2024:

2024	\$ 207,237
2025	213,454
2026	219,858
2027	232,412
2028	269,176
Thereafter	1,108,162
Total Lease payments	2,250,299
Less imputed interest	479,779
Total lease obligation	\$ 1,770,520

New York Foundation for the Arts, Inc.

Notes to Financial Statements June 30, 2024 and 2023

12. Other Programs

The composition of other programs included in the accompanying statements of functional expenses is as follows for years ended June 30:

	2024	2023
Rauschenberg Emergency Relief	\$ 1,206,841	\$ 1,244,777
Queens Arts Fund	555,153	467,198
Anonymous Was a Woman	380,718	228,598
The Artist Fund	580,083	851,888
Joy of Giving Something	81,714	-
NYSCA Disability Grants	-	255,500
Other Programs	102,208	178,605
Total	\$ 2,906,717	\$ 3,226,566

13. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 comprise of the following:

	2024	2023
Financial assets		
Cash	\$ 11,284,656	\$ 8,110,404
Cash, Musical Instrument Revolving Loan Fund (MIRLF)	854,287	852,059
Investments, at fair value	3,684,304	3,302,927
Contributions and grants receivable	387,533	383,830
Loans receivable, MIRLF	14,945	17,173
Loans receivable other	-	38,000
Total Financial Assets Available Within One Year	16,225,725	12,704,393
Donor-imposed and other external restrictions		
Subject to expenditure for specified purpose	(6,892,538)	(4,289,895)
Due to MIRLF	(869,232)	(869,232)
Endowments	(932,578)	(861,756)
Total donor-imposed and other external restrictions	(8,694,348)	(6,020,883)
Net financial assets after donor-imposed and other external restrictions	7,531,377	6,683,510
Internal designations		
Board designated	(1,083,810)	(1,083,810)
Total Financial Assets Available to Management For General Expenditure Within One Year	\$ 6,447,567	\$ 5,599,700

New York Foundation for the Arts, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

13. Liquidity and Availability (*continued*)

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

14. Pension Plan

NYFA maintains a defined contribution retirement plan (403(b)) and a tax-deferred annuity plan for employees who have completed two years of service. Both plans are administered by Teachers Insurance and Annuity Association-College Retirement Equities Fund. NYFA's makes a voluntary contribution at the rate of up to 4 percent of compensation for eligible participants. For the years ended June 30, 2024 and 2023, NYFA contributed \$51,293 and \$45,260 to the plans.

15. Significant Estimates and Concentrations

U.S. GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately, twenty one percent of total contributions and grants were received from two donors in 2024, compared to seventy seven percent from five donors in 2023. Additionally, as of June 30, 2024 and 2023, approximately, eighty three percent and one hundred percent of related receivables are from two grantors (the City of New York and the State of New York).

Cash

At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation's insurance limit.

Investments

NYFA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

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