



Young Audiences of Massachusetts
Developing The Next Generation of Creative Thinkers

ARTS FOR LEARNING

Financial Statements

For the Years Ended June 30, 2014 and 2013

Young Audiences of Massachusetts, Inc.
For the Years Ended June 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors
Young Audiences of Massachusetts

We have audited the accompanying financial statements of Young Audiences of Massachusetts, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

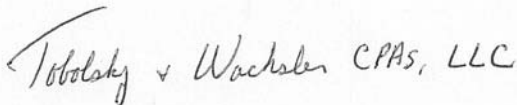
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Audiences of Massachusetts, Inc. as of June 30, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Tobolsky & Wachslar CPAs, LLC
Sharon, Massachusetts
December 5, 2014

The accompanying notes are an integral part of these financial statements.

Young Audiences of Massachusetts, Inc.
Statement of Financial Position
For the Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents (see Notes)	\$ 41,017	\$ 82,873	\$ -	\$ 123,890	\$ 33,290	\$ 14,604	\$ -	\$ 47,894
Short-Term Investments (see Notes)	5,022	-	-	5,022	-	-	-	-
Accounts Receivable (see Notes)	12,406	-	-	12,406	18,616	-	-	18,616
Grants and Pledges Receivable (see Notes)	13,679	33,500	-	47,179	33,628	-	-	33,628
Prepaid Expenses	6,175	-	-	6,175	6,787	-	-	6,787
Total Current Assets	78,299	116,373	-	194,672	92,321	14,604	-	106,925
LONG-TERM ASSETS								
Long-Term Investments (see Notes)	190,592	-	250,120	440,712	77,575	50,000	250,120	377,695
Property and Equipment, Net (see Notes)	5,601	-	-	5,601	5,417	-	-	5,417
Total Long-Term Assets	196,193	-	250,120	446,313	82,992	50,000	250,120	383,112
TOTAL ASSETS	\$ 274,492	\$ 116,373	\$ 250,120	\$ 640,985	\$ 175,313	\$ 64,604	\$ 250,120	\$ 490,037
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Expenses	\$ 3,821	\$ -	\$ -	\$ 3,821	\$ 12,642	\$ -	\$ -	\$ 12,642
Deferred Revenue (see Notes)	3,717	-	-	3,717	7,916	-	-	7,916
Total Liabilities	7,538	-	-	7,538	20,558	-	-	20,558
NET ASSETS								
<i>Unrestricted Net Assets</i>								
Unrestricted Net Assets	232,168	-	-	232,168	154,755	-	-	154,755
Board-Designated Temporarily Restricted Net Assets	34,786	-	-	34,786	-	-	-	-
<i>Subtotal</i>	<i>266,954</i>	<i>-</i>	<i>-</i>	<i>266,954</i>	<i>154,755</i>	<i>-</i>	<i>-</i>	<i>154,755</i>
<i>Temporarily Restricted Net Assets</i>								
Horizons for Homeless Children	-	53,500	-	53,500	-	-	-	-
Gardner School	-	50,000	-	50,000	-	-	-	-
Advocacy Program	-	12,873	-	12,873	-	14,604	-	14,604
National Endowment for the Arts Grant	-	-	-	-	-	50,000	-	50,000
<i>Subtotal</i>	<i>-</i>	<i>116,373</i>	<i>-</i>	<i>116,373</i>	<i>-</i>	<i>64,604</i>	<i>-</i>	<i>64,604</i>
<i>Permanently Restricted Net Assets</i>								
National Endowment for the Arts Match	-	-	150,000	150,000	-	-	150,000	150,000
Endowment	-	-	100,120	100,120	-	-	100,120	100,120
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>250,120</i>	<i>250,120</i>	<i>-</i>	<i>-</i>	<i>250,120</i>	<i>250,120</i>
Total Net Assets (see Notes)	266,954	116,373	250,120	633,447	154,755	64,604	250,120	469,479
TOTAL LIABILITIES AND NET ASSETS	\$ 274,492	\$ 116,373	\$ 250,120	\$ 640,985	\$ 175,313	\$ 64,604	\$ 250,120	\$ 490,037

The accompanying notes are an integral part of these financial statements.

Young Audiences of Massachusetts, Inc.
Statement of Activities
As of June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Program Fees, Net of Discount of \$9,998 and \$3,263	\$ 515,365	\$ -	\$ -	\$ 515,365	\$ 597,059	\$ -	\$ -	\$ 597,059
Grants and Contributions	159,422	127,500	-	286,922	53,321	75,500	-	128,821
Special Events	10,925	-	-	10,925	25,490	-	-	25,490
Donated Services (see Notes)	7,048	-	-	7,048	950	-	-	950
Net Assets Released from Restrictions	75,731	(75,731)	-	-	90,474	(90,474)	-	-
Total Support and Revenue (see Notes)	768,491	51,769	-	820,260	767,294	(14,974)	-	752,320
OPERATING EXPENSES:								
Arts in Education Programs	517,923	-	-	517,923	656,121	-	-	656,121
Management and General Administrative (see Notes)	184,432	-	-	184,432	109,995	-	-	109,995
Fundraising	21,648	-	-	21,648	25,161	-	-	25,161
Total Operating Expenses	724,003	-	-	724,003	791,277	-	-	791,277
<i>Changes in Net Assets from Operations</i>	<i>44,488</i>	<i>51,769</i>	<i>-</i>	<i>96,257</i>	<i>(23,983)</i>	<i>(14,974)</i>	<i>-</i>	<i>(38,957)</i>
NON-OPERATING REVENUE (EXPENSES):								
Interest and Dividends	5,934	-	-	5,934	10,732	-	-	10,732
Investment Fees	(3,328)	-	-	(3,328)	(3,821)	-	-	(3,821)
Net Realized Gains on Investments	20,868	-	-	20,868	9,985	-	-	9,985
Net Unrealized Gains (Losses) on Investments	36,805	-	-	36,805	23,043	-	-	23,043
Total Non-Operating Revenue:	60,279	-	-	60,279	39,939	-	-	39,939
Increase (Decrease) in Net Assets	\$ 104,767	\$ 51,769	\$ -	\$ 156,536	\$ 15,956	\$ (14,974)	\$ -	\$ 982
CHANGE IN NET ASSETS								
Net Assets, Beginning of Year	104,767	51,769	-	156,536	15,956	(14,974)	-	982
Net Assets, Beginning of Year	154,755	64,604	250,120	469,479	125,483	79,578	250,120	455,181
Prior years changes in net assets (see Notes)	7,432	-	-	7,432	13,316	-	-	13,316
Net Assets, End of Year	\$ 266,954	\$ 116,373	\$ 250,120	\$ 633,447	\$ 154,755	\$ 64,604	\$ 250,120	\$ 469,479
SUPPLEMENTAL DISCLOSURE OF STATEMENT OF ACTIVITIES INFORMATION								
	2014	2013						
Payments to Affiliated Organizations (see Notes)	\$ 9,726	\$ 6,790						

The accompanying notes are an integral part of these financial statements.

Young Audiences of Massachusetts, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES:		
Change in Net Assets from Operations	156,536	982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments, net	(57,673)	(33,028)
Changes in Operating Assets and Liabilities		
Decrease (Increase) in Accounts Receivable, Net	(7,341)	(44,216)
Decrease (Increase) in Prepaid Expenses	612	6,089
Decrease (Increase) in Security Deposit	-	1,949
Depreciation Expense	6,816	5,305
Increase (Decrease) in Accounts Payable and Accrued Expenses	(8,821)	4,405
Increase (Decrease) in Deferred Revenue	(4,199)	(1,589)
Net Cash Operating Activities	85,930	(60,103)
INVESTING ACTIVITIES:		
Investment in Property and Equipment	(7,000)	(3,714)
Purchases of Investments	(136,366)	(104,294)
Sale of Investments	139,366	110,415
Reinvested Dividends and Interest	(5,934)	(10,732)
Net Cash Investing Activities	(9,934)	(8,325)
FINANCING ACTIVITIES		
None		
Net Increase in Cash and Cash Equivalents	75,996	(68,428)
Cash and Cash Equivalents, Beginning of Year	47,894	116,322
Cash and Cash Equivalents, End of Year	123,890	47,894

The accompanying notes are an integral part of these financial statements.

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

1. Nature of Organization and Significant Accounting Policies

Young Audiences of Massachusetts, Inc. (YAMA) was incorporated in October 1962 to initiate life-long involvement in the arts by making them integral to every child's education, regardless of the student's background, talents or special needs. YAMA serves as the vital link between Massachusetts' best performing artists, arts organizations and the region's school children. Young Audiences has more than 110 teaching artists who are nationally and internationally recognized in their fields and have the passion and expertise to work with and inspire children. Young Audiences reaches over 150,000 students annually in urban, rural and suburban school districts throughout Massachusetts.

YAMA is affiliated with a national network of 30 Young Audiences' chapters, comprising the largest arts education network in the country. Every year, Young Audiences provides over 220,000 student / artist interactions through 1,500 performances, workshops and residencies in 450 sites.

Approximately 63% and 79%, respectively, for the years then ended of the Organization's support comes from program fees. The remaining support comes from individual and foundation donor contributions.

YAMA sponsors the following major programs:

- ***Assembly Performances.*** Interactive and educational performances that inspire and motivate! Through performances and assemblies, our nationally and internationally recognized professional artists and authors bring school curriculum to life through music, dance and movement, theater and storytelling. Students can experience a broad range of programs – everything from African drumming to Shakespeare. Programs fall into one or more categories – dance / movement, music, storytellers and authors, theatre and puppetry, and visual arts – and are selected to correspond to the Massachusetts Curriculum Standards.
- ***Artists-in-Residence.*** These multiple-session programs bring in professional teaching artists who integrate an art form into other subject areas. Each residency is planned in collaboration with classroom teachers and customized to fit the needs of each curriculum and school.
- ***Workshops.*** Introductory hands-on sessions that allow groups of up to 25 students to practice an art form with professional artists in a focused environment.
- ***Healing Arts for Kids.*** Provides assembly programs, workshops, and residencies for acutely and chronically ill children, physically and emotionally challenged children, and other special education populations in schools, hospital schools, hospitals and homeless shelters. In March 2010, this program was selected as one of ten national recipients to receive an *Arts Connect All* grant from Very Special Arts (VSA) and MetLife Foundation. Currently in its 10th year, this program encompasses:
 - ❖ *Expanding Horizons Through Music* a preschool music / literacy residency for at risk-children; and
 - ❖ *Together We Can Fly*, a unique program uniting disabled and non-disabled students through the arts

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

a. **Financial Statement Presentation**

i. **Basis of Presentation**

The Organization reports information regarding the cost of providing various programs and activities summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ii. **Display of Net Assets by Class**

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in FASB ASC 958-210-45. Under this ASC, the Association is required to report information regarding its financial position and activities to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows:

- *Unrestricted* - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- *Temporarily Restricted* - Net assets whose use by the Association is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.
- *Permanently Restricted* - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

b. **Cash and Cash Equivalents**

YAMA considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Restricted cash and cash equivalents are limited in use for payment of program costs to be expended during fiscal year 2015.

Cash and cash equivalents include bank accounts and money market accounts. At June 30, 2014 and 2013, cash and cash equivalents included cash deposits of \$110,127 and \$34,970 respectively, held in commercial banks which were insured by the Federal Deposit and Insurance Corporation and \$13,763 and \$12,924 respectively, held in money market funds. Cash and cash equivalents exclude cash designated or restricted for the endowment fund.

c. **Accounts Receivable**

Accounts Receivable, Pledges Receivable and Grants Receivable are stated at unpaid balances. Management anticipates that uncollected amounts are insignificant and will be collected within the next fiscal year.

d. **Grants and Pledges Receivable**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

support as unrestricted. The grants and pledges receivable balance at June 30, 2014 and 2013 is \$47,179 and \$33,628, respectively, and is expected to be collected within one year.

e. **Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the Change in Net Assets in the accompanying Statement of Activities. Investment income and gains / losses are reported as increases / decreases in unrestricted net assets.

Short-term investments are over-the-counter marketable securities that the Organization received as a donation and intends to sell within 90 business days.

f. **Property, Plant and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against General and Administrative expenses. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Computer Equipment	3 years
Furniture and Equipment	5 years

g. **Deferred Revenue**

Deferred revenue consists of program fees received for services not yet rendered. These program fees will be recognized as revenue when the services are provided to the schools by the artists or performer.

h. **Revenue Recognition**

Program fees are recognized when the services are provided to the schools by the artist or performer. All contributions are considered available for YAMA's general programs unless specifically restricted by the donor. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. Contributions that are restricted by the donor are also reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

i. **Donated Services**

The Organization recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

contributed. YAMA benefited from donated web development and legal services which were valued by the firms providing the services at \$7,048 and \$950 during the years ended June 30, 2014 and 2013.

j. Advertising Costs

The Organization expenses advertising production costs the first time the advertising occurs. YAMA also produces an annual catalog which is mailed to the schools. The costs associated with the annual catalog are expensed since the anticipated future benefit expires within the current fiscal year. Management estimates that advertising expense for the years ended June 30, 2014 and 2013 was \$7,194 and \$5,646 respectively.

k. Income Taxes

YAMA is exempt from Federal and State income taxes under provisions of Section 501(c)(3) of the U.S. Internal Revenue Code and similar state statutes. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples to tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Unrelated business income, of which the Organization had none for the years ending June 30, 2014 and 2013, would be subject to both federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Organization's federal Exempt Organization Income Tax Returns (Form 990) for 2014, 2013 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

l. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m. Comparative Data

The amounts shown for the year ended June 30, 2013 in the accompanying financial statements are included to provide a basis for 2013 and present summarized totals only. Accordingly, the 2013 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

2. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the Change in Net Assets in the accompanying Statement of Activities. Investment income and gains are reported as increases in unrestricted net assets. Investments at June 30, 2014 and 2013 were comprised of the following:

	2014	2013
Stock Funds	\$ 300,448	\$ 239,616
Bond Funds	145,286	138,089
Money Market	<u>13,763</u>	<u>12,924</u>
Total Investments	\$ 459,497	\$ 390,629

Investment income from these investments for the years ended June 30, 2014 and 2013 is summarized as follows:

	2014	2013
Interest and Dividend Income	\$ 5,934	\$ 10,732
Investment Fees	(3,328)	(3,821)
Net Realized and Unrealized Gains	<u>57,673</u>	<u>33,028</u>
Total Investment Return	\$ 60,279	\$ 39,939

3. Accounts, Pledges and Grants Receivable

Unconditional promises to give are recorded as receivables and revenues when received. YAMA distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Uncollected promises are expected to be insignificant.

	2014	2013
Accounts Receivable (program fees)	\$ 12,406	\$ 18,616
Grants and Pledges Receivable (Unrestricted)	13,679	33,628
Temporarily Restricted Grants - Arts in Education Program	<u>33,500</u>	<u>-</u>
Totals	\$ 59,585	\$ 52,244

4. Property and Equipment

Property and equipment in the accompanying financial statements is presented net of accumulated depreciation. The components of property and equipment at June 30, 2014 and 2013 are as follows:

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

	2014	2013
Computer Equipment	\$ 5,111	\$ 16,871
Accumulated Depreciation	<u>(5,111)</u>	<u>(16,871)</u>
	-	-
Website	16,027	9,027
Accumulated Depreciation	<u>(10,426)</u>	<u>(3,611)</u>
	<u>5,601</u>	<u>5,416</u>
Total Property and Equipment	\$ 5,601	\$ 5,416

Depreciation expense was \$6,816 and \$5,305 for the years ended June 30, 2014 and 2013.

5. Endowments / Permanently Restricted Net Assets

Interpretation of Relevant Law

YAMA's Board of Directors has interpreted the Commonwealth of Massachusetts enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets:

- (i) The original value of gifts donated to the permanent endowment;
- (ii) The original value of subsequent gifts to the permanent endowment; and
- (iii) Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by YAMA in a manner consistent with the standard of prudence prescribed by UPMIFA.

YAMA's Board classifies donor restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General of Massachusetts. Accordingly, if the donor agreement does not prohibit the expenditures of appreciation, such gains would be classified as unrestricted net assets. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (a) The duration and preservation of the fund;
- (b) The purposes of the Organization and the donor-restricted endowment fund;
- (c) General economic conditions;
- (d) The possible effects of inflation and deflation;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of the Organization; and
- (g) The investment policies of the Organization

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
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Return Objective and Risk Parameters

YAMA's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. The Organization recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The primary long-term financial objective is to preserve the value of the endowment investment portfolio to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds. To satisfy its objectives, the Organization targets a diversified asset allocation that primarily includes fixed income and money market fund investments that are within prudent risk constraints. The asset allocation is evaluated on a regular basis.

Spending Policy

The Organization will appropriate for expenditure in its annual budget up to a maximum of 5% of the rolling average of the market value of the endowment assets over the preceding 12 quarters, the base to be adjusted for new capital contributions to the endowment. There may be times when the Organization may opt not to take the maximum spending rate but rather reinvest some of the annual return. This spending rate is based on the long-term assumption of 8% of nominal investment returns and a 3% inflation rate.

Changes in Endowment Net Assets

Changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2014				
Endowment Net Assets, Beginning of Year	\$ -	\$ 50,000	\$ 250,120	\$ 300,120
Contributions	-	-	-	-
Net Investment Return	39,371	-	-	39,371
Amounts Appropriated for Expenditure by the Board	<u>(39,371)</u>	<u>(50,000)</u>	<u>-</u>	<u>(89,371)</u>
Endowment Net Assets, As of June 30, 2014	\$ -	\$ -	\$ 250,120	\$ 250,120
2013				
Endowment Net Assets, Beginning of Year	\$ -	\$ 50,000	\$ 250,120	\$ 300,120
Contributions	-	-	-	-
Net Investment Return	30,685	-	-	30,685
Amounts Appropriated for Expenditure by the Board	<u>(30,685)</u>	<u>-</u>	<u>-</u>	<u>(30,685)</u>
Endowment Net Assets, As of June 30, 2013	\$ -	\$ 50,000	\$ 250,120	\$ 300,120

In fiscal year 2000, the National Endowment for the Arts (NEA) awarded YAMA with a \$50,000 grant for planning and stabilization. In order to qualify for this grant, the Organization raised matching funds of \$150,000 by June 30, 2003.

The NEA grant is a restricted term endowment for ten years commencing on July 1, 2003. The earnings from this term endowment can be used to support continuing programs and stabilize the Organization as it expands its operations.

Young Audiences of Massachusetts, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

6. Leasing Arrangements

Rental of Office Space

YAMA leases its Boston office under a two-year non-cancelable operating lease that expires March 31, 2015. Annual lease payments are \$27,900 plus utilities. The rent and utility expense for the year ended June 30, 2014 and 2013 was \$27,900 and \$24,438, respectively. The minimum lease payments required for the rental of office space as of June 30, 2014 is:

FY 2015	\$	21,600
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Office Equipment Lease

YAMA leases its automated mailing system under a 57-month operating lease that expires August 17, 2014. The minimum lease payments required for the rental of both the copier / printer and the automated mailing system as of June 30, 2014 are:

FY 2015	\$	279
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7. Compensated Absences

Employees of YAMA are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. YAMA's policy is to recognize the costs of compensated absences when actually paid to employees.

8. Prior Years Changes in Net Assets

Unrestricted net assets have been increased by \$7,432 due to prior years' aggregate of checks written that remained uncleared from the checking account in prior years. This correction has no effect on the results of the current year's activities. Had the error not occurred, the unrestricted net assets for the period ending June 30, 2014 would have been \$259,522.

9. Related Party Transactions

YAMA is affiliated with a national network of 30 Young Audiences' chapters thereby providing arts-in-education programs to over 7 million school children annually. The national organization, Young Audiences, Inc., provides member affiliates with learning resources, technical assistance, conferences and professional development. For the years ended June 30, 2014 and 2013, YAMA paid membership fees of \$9,726 and \$6,790 to Young Audiences, Inc.

10. Subsequent Events

As of October 22, 2014, the Executive Director has left the Organization. The Board's president is currently managing day-to-day operations and the Board has engaged on an Executive Director search.

The Organization has evaluated all subsequent events through December 5, 2014, which is the date the financial statements were available to be issued.