

Report of Audit

on the

Financial Statements

of

Young Audiences
of New Jersey, Inc.
dba Young Audiences
New Jersey & Eastern
Pennsylvania

for the

Years Ended
June 30, 2016 and 2015

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSYLVANIA

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SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Young Audiences of New Jersey, Inc.
dba Young Audiences New Jersey & Eastern Pennsylvania
Princeton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Young Audiences of New Jersey, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015 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

Young Audiences of New Jersey's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 Young Audiences of New Jersey'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 Young Audiences of New Jersey'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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Audiences of New Jersey, Inc. as of June 30, 2016 and 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Young Audiences of New Jersey's financial statements. The schedule of expenditures of state financial assistance as required by New Jersey OMB 15-08 is presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule listed above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance as required by New Jersey OMB 15-08 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016 on our consideration on Young Audiences of New Jersey Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Audiences of New Jersey, Inc.'s internal control over financial reporting and compliance.

October 28, 2016

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in black ink and is positioned to the right of the date.



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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Young Audiences of New Jersey, Inc.
dba Young Audiences New Jersey & Eastern Pennsylvania
Princeton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Audiences of New Jersey, Inc. as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Young Audiences of New Jersey, Inc.'s financial statements, and have issued our report thereon dated October 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Young Audiences of New Jersey, Inc.'s control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Young Audiences of New Jersey, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Young Audiences of New Jersey, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Young Audiences of New Jersey's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Young Audiences of New Jersey, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Young Audiences of New Jersey's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Young Audiences of New Jersey's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 28, 2016

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in black ink and is positioned to the right of the date.

YOUNG AUDIENCES OF NEW JERSEY, INC.
d/b/a YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSYLVANIA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$ 197,464	\$ 273,602
Investments	2,413,526	1,913,813
Unconditional Promises to Give - Net	112,087	194,989
Grants and Accounts Receivable - Net	144,021	246,964
Prepaid Expenses and Other Current Assets	5,930	10,276
	<hr/>	<hr/>
Total Current Assets	2,873,028	2,639,645
Property, Plant and Equipment - Net		10,186
		<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 2,873,028</u>	<u>\$ 2,649,830</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 13,731	\$ 23,938
Prepaid Program Fees	55,915	92,560
Current Portion of Deferred Rent		11,568
Total Current Liabilities	69,646	128,066
		<hr/>
Deferred Rent		5,372
		<hr/>
<u>TOTAL LIABILITIES</u>	<u>69,646</u>	<u>133,438</u>
Net Assets:		
Unrestricted		
Board Designated Operating Reserve Fund	210,677	225,871
Operating	87,717	71,975
Total Unrestricted	298,394	297,846
		<hr/>
Temporarily Restricted	563,371	528,432
Permanently Restricted	1,941,617	1,690,113
		<hr/>
Total Net Assets	2,803,382	2,516,391
		<hr/>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,873,028</u>	<u>\$ 2,649,830</u>

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

YOUNG AUDIENCES OF NEW JERSEY, INC.
d/b/a YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSYLVANIA

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>SUPPORT AND REVENUE</u>	2016				2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:								
NJ & PA State Support	\$ 136,452	\$ 215,000		\$ 351,452	\$ 136,285	\$ 227,490		\$ 363,775
Corporate and Private Foundations	106,600	830,823	\$ 247,628	1,185,051	98,750	780,309	\$ 256,941	1,136,000
Individuals	220,415	14,877	3,876	239,168	215,862	37,140	6,971	259,973
In-kind Contributions	26,934			26,934	22,984			22,984
Total Support	490,401	1,060,700	251,504	1,802,605	473,881	1,044,939	263,912	1,782,732
Revenue:								
School Performance Fees	1,118,408			1,118,408	1,324,665			1,324,665
Other Program Revenues	5,836			5,836	27,332			27,332
Royalties	1,797			1,797	2,872			2,872
Benefit	136,230	54,150		190,380	176,099			176,099
Investment Income	335			335	1,935			1,935
Realized/Unrealized Gain(Loss)	30,446			30,446	35,047			35,047
Total Revenue	1,293,053	54,150		1,347,203	1,567,950			1,567,950
Net Assets Released from Restrictions	1,079,911	(1,079,911)			924,612	(924,612)		
Total Support and Revenue	2,863,365	34,939	251,504	3,149,808	2,966,443	120,327	263,912	3,350,682
<u>EXPENSES</u>								
Program:								
Artists' Fees	1,461,232			1,461,232	1,511,936			1,511,936
Salaries and Related Benefits	1,051,555			1,051,555	1,077,842			1,077,842
Total Program Expenses	2,512,787			2,512,787	2,589,777			2,589,777
General and Administrative Expenses	153,849			153,849	148,689			148,689
Marketing Expenses	94,156			94,156	82,907			82,907
Development Expenses	3,986			3,986	18,597			18,597
Benefit Expenses	87,854			87,854	104,431			104,431
Depreciation and Amortization	10,186			10,186	15,279			15,279
Total Expenses	2,862,818			2,862,818	2,959,680			2,959,680
Net Change in Net Assets	547	34,939	251,504	286,990	6,763	120,327	263,912	391,002
Net Assets, Beginning of Year	297,846	528,432	1,690,113	2,516,391	291,083	408,105	1,426,201	2,125,389
Net Assets, End of Year	\$ 298,393	\$ 563,371	\$ 1,941,617	\$ 2,803,381	\$ 297,846	\$ 528,432	\$ 1,690,113	\$ 2,516,391

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

YOUNG AUDIENCES OF NEW JERSEY, INC.
d/b/a YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSYLVANIA

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>OPERATING ACTIVITIES</u>		
Net Change in Net Assets	\$ 286,990	\$ 391,002
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	10,186	15,279
Realized (Gain) Loss on Investments	(25,093)	72,808
Unrealized (Gain) Loss on Investments	(5,688)	(35,826)
Add (Deduct) Changes in Non-Cash Working Capital:		
Unconditional Promises to Give	82,903	251,293
Grants and Accounts Receivable	102,943	(59,168)
Prepaid Expenses and Other Current Assets	4,346	2,179
Security Deposits		
Accounts Payable and Accrued Expenses	(10,207)	(24,798)
Prepaid Performance Fees	(36,645)	(53,653)
Deferred Rent	(16,940)	(25,428)
	<hr/>	<hr/>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>392,795</u>	<u>533,688</u>
<u>INVESTING ACTIVITIES</u>		
Net Sales/Purchases of Investments	(468,933)	(828,026)
	<hr/>	<hr/>
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	<u>(468,933)</u>	<u>(828,026)</u>
Net Change in Cash and Cash Equivalents	(76,138)	(294,338)
Cash and Cash Equivalents, Beginning of Year	273,602	567,940
	<hr/>	<hr/>
Cash and Cash equivalents, End of Year	<u>\$ 197,464</u>	<u>\$ 273,602</u>

Supplemental Disclosure of Noncash Investing and Financing Activities

During the years ended June 30, 2016 and 2015, the Organization received \$26,935 and \$22,984 respectively, of in-kind contributions, which consisted of donated space for the EACH project, videography services, and computer software for general office use, and design/entertainment services and auction prizes for the Annual Benefit.

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

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by the Organization in the preparation of the accompanying financial statements are summarized below:

Nature of Organization

Young Audiences of New Jersey, Inc. (YANJ) is a New Jersey nonprofit organization dedicated to inspiring, nurturing and sustaining the creativity of every child and encouraging productive and caring human beings. The Organization provides professional arts programs in schools throughout New Jersey and Eastern Pennsylvania and receives fees from schools, as well as grants and contributions from the New Jersey State Council on the Arts, the Pennsylvania Council on the Arts, foundations, corporations and individuals to ensure students from all economic backgrounds have the opportunity to experience programs that inspire their dreams and engage their minds.

Effective July 1, 2010, YANJ assumed the role of fiscal agent for Young Audiences of Eastern Pennsylvania (YAEP). Effective November 2012 the two organizations officially merged and YANJ began doing business as Young Audiences New Jersey & Eastern Pennsylvania (YANJ/EP). The information in Exhibits A & B reflects the combined activity for New Jersey and Eastern Pennsylvania. A Statement of Activities for Eastern Pennsylvania is shown in Schedule 2.

As an affiliate chapter of the national association, Young Audiences, Inc., YANJ/EP incurred allocated expense charges of \$17,500 for each of the years ended June 30, 2016 and 2015.

Method of Accounting

The Organization prepares its financial statements on the accrual method of accounting.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include unrestricted resources which represent the portion of the Organization's funds that are available for its operating objectives. This includes the results of the Organization's operations as well as unrestricted donations. It also includes certain amounts designated by the Board for grants, reserves and other purposes as well as the Organization's net investments in its property and equipment.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and 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.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is a Not-For-Profit Organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

The most significant tax position of the Organization is its assertion that it is exempt from income taxes. Other significant tax positions include its determination of whether any amounts are subject to unrelated business tax (UBIT). Management has determined the Organization had no activities subject to UBIT in the years ended June 30, 2016 or 2015. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Organization is required to file Form 990 (Return of Organization Exempt from Income Tax) which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The Forms 990 for 2013 through 2015 are open to examination by the IRS as of June 30, 2016.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investment portfolios are valued in the aggregate at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges.

The primary objective of the Organization's investments is capital appreciation and investment return without undue exposure to risk. Investment funds are selected to support long-term goals, and provide growth of Endowment assets at a rate that will provide available funds for Organization expenses as well as growth to endowment assets.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are unsecured customer obligations due under contract agreement terms requiring payment on or before the performance date. Accounts receivable are stated at the amount billed to the customer. Customers with account balances still open after the performance date are considered delinquent. The Organization does not bill/accrue interest on delinquent receivables. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Management individually reviews all accounts receivable balances that are past due and based upon an assessment of the customer's past history and current creditworthiness, estimates the portion, if any, of the balance that may not be collected.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization charges with respect to property, plant and equipment have been made by the Organization using the straight-line method over the estimated useful lives of the assets; generally five years for furniture and fixtures and equipment. Leasehold improvements are amortized over the life of the lease. In general, the Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, would be included in property and equipment.

Prepaid Performance Fees

The Organization periodically receives payments from customers in advance of services being provided. Such amounts are recorded as deferred revenue until services have been rendered.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue.

Deferred Rent

The Organization also records landlord incentive payments as a deferred rent liability and amortizes the amount over the life of the lease to rent expense.

Revenue Recognition

The Organization recognizes revenues from school performance fees in the period the performance occurs.

Retirement Plans

The Organization has a contributory profit sharing plan for salaried employees meeting certain service requirements, which qualify under Section 401(k) of the Internal Revenue Service Code. Contributions into the Plan are made at the discretion of management. For the years ended June 30, 2016 and 2015, total retirement plan expense amounted to \$17,819 and \$17,595, respectively.

Concentration of Credit Risk

The Organization maintains cash balances with various major financial institutions. At various times during the year, these balances may exceed the \$250,000 insured by the Federal Deposit Insurance Corporation. However, management monitors the soundness of these institutions and considers the Organization's risk negligible.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(2) NEW JERSEY STATE COUNCIL ON THE ARTS

During the fiscal years ended June 30, 2016 and 2015, the Organization received several grants from the New Jersey State Council on the Arts. The Organization received general operating support grants for both the fiscal years ended June 30, 2016 and 2015 in the amounts of \$133,193 in each year.

The Organization is also the fiscal agent for a co-sponsored grant involving YANJ/EP and other not-for-profit organizations. The grants for the fiscal years ended June 30, 2016 and 2015 were in the amount of \$210,000 and \$200,000 respectively. As the fiscal agent, the Organization has recognized support of \$218,121 and \$235,528 for the fiscal years ended June 30, 2016 and 2015, respectively.

(3) CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Petty Cash	\$ 1,392	\$ 622
Money Market Accounts - General Operating	80,366	140,284
Benefits Account	461	731
Money Market Account - Board Designated	100,444	120,391
Capital Campaign	<u>14,801</u>	<u>11,574</u>
Total Cash and Cash Equivalents	<u>\$197,464</u>	<u>\$273,602</u>

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(4) GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Grants Receivable	\$ 98,095	\$104,123
Program Accounts Receivable	53,399	145,739
Other receivables	<u>755</u>	<u>5,330</u>
	\$152,249	\$255,192
Less: Allowance for Doubtful Accounts	<u>8,228</u>	<u>8,228</u>
Total	<u>\$144,021</u>	<u>\$246,964</u>

(5) UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30 are as follows:

	<u>2016</u>	<u>2015</u>
Capital Campaign Contributions	\$122,766	\$212,884
Unconditional Promises to Give	\$122,766	\$212,844
Less: Allowance for Uncollectible Pledges	(5,963)	(10,670)
Less: Unamortized Discount	<u>(4,716)</u>	<u>(7,225)</u>
Net Unconditional Promises to Give	<u>\$112,087</u>	<u>\$194,989</u>
Amounts Due In:		
Within One Year	\$ 90,091	\$102,144
One to Five years	<u>32,675</u>	<u>110,740</u>
	<u>\$112,766</u>	<u>\$212,884</u>

The Organization received various pledges during the year under its capital campaign to raise funds for an Endowment Fund. In addition to the contribution pledges reflected above, the Organization received a matching pledge for up to \$1,000,000 from a donor. Through June 30, 2016, a total of \$1,000,000 has been received on this pledge.

The allowance for uncollectible pledges is based on management's estimates and historical collections on pledges. Unconditional promises to give, which are due in more than one year, are discounted at a risk-free rate of return appropriate for the expected term of the promise to give.

YOUNG AUDIENCES OF NEW JERSEY, INC.
dba YOUNG AUDIENCES NEW JERSEY & EASTERN PENNSLVANIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(6) PROPERTY, PLANT AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Furniture, Fixtures and Equipment	\$124,779	\$124,779
Leasehold Improvements	<u>151,582</u>	<u>151,582</u>
	\$276,361	\$276,361
Less: Accumulated Depreciation and Amortization	<u>276,361</u>	<u>266,175</u>
Property, Plant and Equipment, Net	<u>\$ 0.00</u>	<u>\$ 10,186</u>

Depreciation and amortization included as a charge to revenue amounted to \$10,186 and \$15,279, for the years ended June 30, 2016 and 2015, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(7) INVESTMENTS

Investments at fair values at June 30, 2016 and 2015 are as follows:

	June 30, 2016		June 30, 2015	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities – Level 1	\$ 195,597	\$ 235,417	\$ 187,122	\$ 230,976
Princeton Area Community Foundation – Level 3	<u>2,065,073</u>	<u>2,178,109</u>	<u>1,602,303</u>	<u>1,682,837</u>
	<u>\$2,260,670</u>	<u>\$2,413,526</u>	<u>\$1,789,425</u>	<u>\$1,913,813</u>

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges (Level 1 measurements). The alternative investments, which are not readily marketable or have little or no market activity, are carried at estimated fair values as provided by the investment managers (Level 3 measurements). These valuations include assumptions and methods that were reviewed by the Organization's management. The Organization believes that the carrying amount of its alternative investments is a reasonable estimate of fair value. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

The investment objective seeks capital appreciation and absolute return without undue exposure to risk. Investment funds are selected to support long-term goals, preserve purchasing power and grow Endowment assets at a rate that should outpace inflation. Short-term volatility is tolerated while monitoring the applicable market index. Spending from investments involves evaluating investment performance and funding needs.

Presented below is additional information about the fair values of the Organization's Level 3 assets for the year ended June 30, 2016:

Beginning balance	\$1,682,837
Total realized and unrealized gains and losses included in earnings	19,057
Purchases, issuances, settlements and transfers	<u>476,215</u>
Ending balance	<u>\$2,178,109</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Programs and Performances	\$203,677	\$246,244
Capital Campaign	<u>359,694</u>	<u>282,188</u>
Total	<u>\$563,371</u>	<u>\$528,432</u>

(9) ENDOWMENT FUNDS

The Organization's endowment consists of several funds established for a variety of purposes. Some funds are restricted by the donor while other funds are unrestricted. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (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 (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) 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 the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor-restricted endowment fund; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the organization; and (7) The investment policies of the organization.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(9) ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund at June 30, 2016:

Permanently Restricted Net Assets	\$1,941,617
Unrestricted Net Assets	89,908
Temporarily Restricted Net Assets	<u>-0-</u>
	<u>\$2,031,525</u>

Changes in Endowment Funds for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2015	\$70,843	\$ -0-	\$1,690,113	\$1,760,956
Contributions	-0-	-0-	251,504	251,504
Investment Earning-Net	<u>19,065</u>	<u>-0-</u>	<u>-0-</u>	<u>19,065</u>
Balance, June 30, 2016	<u>\$89,908</u>	<u>\$ -0-</u>	<u>\$1,941,617</u>	<u>\$2,031,525</u>

(10) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors during the year. For the year ended June 30, 2016, assets totaling \$1,079,911 were released from restrictions for the following purposes:

State Support	\$ 357,029
Projects Funded by Corporate and Private Foundation Contributions	<u>722,882</u>
Total	<u>\$1,079,911</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(11) OPERATING LEASES

The Organization leases operating space under a operating lease. The lease for operating space is for a period of ten years and commenced July 1, 2015, with rent payments commencing in July, 2015. Annual base lease payments range from \$58,932 in year one and approximately \$62,206 to \$72,028 in years two through ten. Total rent expense under the terms of the lease amounts to approximately \$687,540.

Total rent expense for the Organization relating to the operating space was \$48,557 and \$81,883 for the years ended June 30, 2016 and 2015, respectively.

The approximate aggregate minimum annual rental commitments of the Organization, under this lease at June 30, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 62,206
2018	65,480
2019	68,754
2020	72,028
2021	72,028
2022 and Thereafter	<u>288,112</u>
Total	<u>\$628,608</u>

(12) LINE OF CREDIT

The Organization has a line of credit not to exceed \$50,000 available with PNC Bank. At June 30, 2016, interest was 8% per annum. There were no outstanding borrowings at June 30, 2016 and 2015. The line of credit will expire January 31, 2017.

(13) SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the financial statement date through October 28, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements.

YOUNG AUDIENCES OF NEW JERSEY, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

(14) COMMITMENTS AND CONTINGENCIES

In the opinion of management, claims or lawsuits incidental to the business of the Organization have been adequately provided for in the financial statements.

The Organization currently receives approximately 12% of its revenue from grants received from the State of New Jersey. The grants are typically for one year and are subject to renewal annually.

The Organization completed a Capital Campaign to raise monies for an Endowment and a Scholarship Fund in the summer of 2015. As a result, certain administrative costs of the campaign incurred were paid from operations and are reflected on the Statement of Activities under unrestricted activities.

YOUNG AUDIENCES OF NEW JERSEY, INC.
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SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

<u>GRANTOR AND PROGRAM TITLE</u>	<u>GRANT NUMBER</u>	<u>GRANT AMOUNT</u>	<u>GRANT PERIOD</u>		<u>2015/2016 DISBURSEMENTS</u>	<u>TOTAL DISBURSEMENTS</u>
			<u>From</u>	<u>To</u>		
New Jersey State Council on the Arts/ General Operating - NJ	1615A010127	\$ 133,193	07/01/15	06/30/16	\$ 133,193	\$ 133,193
New Jersey State Council on the Arts/AIE	1515A090025	120,000	07/01/14	06/30/15	15,076	120,000
New Jersey State Council on the Arts/AIE	1515A090032	75,000	07/01/15	06/30/16	75,000	75,000
New Jersey State Council on the Arts/AIE	1615A090023	120,000	07/01/15	06/30/16	120,000	120,000
New Jersey State Council on the Arts/AIE	-	15,000	07/01/15	06/30/16	2,501	2,501
New Jersey State Council on the Arts/Special Programming for the Medically Fragile	1625A050008	5,000	07/01/15	06/30/16	5,000	5,000
Pennsylvania Council on the Arts/ General Operating - EP	2015290958-AOP	3,259	09/01/15	08/31/16	3,259	3,259
Mayor's Fund for Philadelphia/Programming	-	3,000	01/01/15	12/31/15	3,000	3,000
Total					<u>\$ 357,029</u>	<u>\$ 461,953</u>

YOUNG AUDIENCES OF NEW JERSEY, INC.
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STATEMENT OF ACTIVITIES FOR EASTERN PENNSYLVANIA
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE</u>						
Support:						
Pennsylvania State Support	\$ 3,259	\$ - 0 -	\$ 3,259	\$ 6,092	\$ - 0 -	\$ 6,092
Corporate and Private Foundations						
Individuals	1,469		1,469	1,000		1,000
In-kind Contributions						
Total Support	<u>4,728</u>		<u>4,728</u>	<u>7,092</u>		<u>7,092</u>
Revenue:						
School Performance Fees	374,008		374,008	384,709		384,709
Other Program Revenues				5,740		5,740
Total Revenue	<u>374,008</u>		<u>374,008</u>	<u>390,449</u>		<u>390,449</u>
Net Assets Released from Restrictions						
<u>Total Support and Revenue</u>	<u>378,736</u>	<u>- 0 -</u>	<u>378,736</u>	<u>397,541</u>	<u>- 0 -</u>	<u>397,541</u>
<u>EXPENSES</u>						
Program:						
Artists' Fees	263,786		263,786	261,062		261,062
Salaries and Related Benefits	116,052		116,052	102,227		102,227
Total Program Expenses	<u>379,838</u>		<u>379,838</u>	<u>363,289</u>		<u>363,289</u>
General and Administrative Expenses	970		970	2,162		2,162
Marketing Expenses	1,366		1,366	571		571
Total Expenses	<u>382,174</u>	<u>- 0 -</u>	<u>382,174</u>	<u>366,022</u>	<u>- 0 -</u>	<u>366,022</u>
Net Change in Net Assets	(3,438)	- 0 -	(3,438)	31,518	- 0 -	31,518
Net Assets, Beginning of Year	79,595		79,595	48,077		48,077
Net Assets, End of Year	<u>\$ 76,157</u>	<u>\$ - 0 -</u>	<u>\$ 76,157</u>	<u>\$ 79,595</u>	<u>\$ - 0 -</u>	<u>\$ 79,595</u>

