

**FROM THE TOP, INC.  
FINANCIAL STATEMENTS**

**For the Year Ended  
June 30, 2023**

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## FY23 Program Report

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### **Mission and Vision**

Founded in 2000, From the Top (FTT) empowers and celebrates young musicians. FTT envisions a more empathetic and connected society through the contributions of young musicians.

### **About From the Top**

For 23 years FTT has showcased and developed more than 3,000 young classical musicians through live performances, radio and video broadcasts, scholarships, and arts education programs. FTT began as a variety-style radio show on NPR, which today is hosted by FTT alumnus Peter Dugan alongside a diverse team of co-hosts and creatives. Each year, approximately 100 young musicians are showcased to an audience of 370,000 listeners on nearly 200 radio stations nationwide. Over the years FTT has also added new media platforms, leadership trainings, community engagement, and opportunities for alumni that encourage musicians to develop artistry beyond the concert hall. Since 2005, FTT has awarded more than \$3.8M in scholarships to musicians with financial need, in partnership with the Jack Kent Cooke Foundation.

### **2022/23: Program Deepening Through the Learning and Media Lab**

Throughout the year, FTT held five Learning and Media Labs (LML) for 87 young musicians, ages 8 to 18, from 26 states across the country. Their work comprised intensive online sessions on community engagement, artist life, and content creation/recording; engaging in insightful, substantive conversations with guest artist speakers; and creating “1-on-1” artist engagements where they had the opportunity to foster new connections, adapt their artistry, and forge a genuine connection through their music with another individual.

Fellows participated in seven sessions across five weeks, including: Storytelling & Vulnerability; Creating Media, Preparing for Studio Recording; Artist’s Life I & II, Community Engagement Prep; Community Engagement: 1:1 Concert Experience; Rehearsal/Recording in Studio for the NPR Broadcast/Podcast; and Reflection: Bringing the Learning Forward.

Post-fellowship surveys showed a universally positive response to the LML’s programming—as one student wrote: “My biggest takeaway from the program was the realization that I, as an artist, am now entering the world of performance where I can truly make impact with my music. I learned that being an artist is more than just playing my violin. It is also about connecting with the audience and helping them understand the story behind every composition.”

## **2022/23: Broadcast Programming and Expansion Through FTT Initiatives**

From the Top produced 18 new episodes in the 2022-2023 season, bringing young musicians together in studios from Chicago to Boston, New York to Atlanta, and Los Angeles. Co-hosts Orli Shaham, Alex Laing, Charles Yang, and Deborah Borda joined host Peter Dugan in conversation and musical collaboration with young musicians.

In the Spring of 2023, FTT hosted three initiatives that focused on issues that are critically important to young musicians. In recent years, FTT musicians have expressed interest in, and requested assistance with, three main topics: racial justice, normalizing disabilities, and arts leadership. In response we created specific initiatives that provided opportunities for learning and thoughtful action, brought public visibility to these important topics.

Celebrating Musicians with Disabilities coincided with National Disabilities Awareness Month in March 2023. The initiative was opened to young musicians who live with a disability, as an opportunity to increase the visibility of disabled performers and spread stories of disability in action.

Inspiring Next Gen Arts Leaders took place in April 2023 and provided young musicians the opportunity to meet, learn, and discuss arts leadership with host Peter Dugan, co-host NY Philharmonic President and CEO Deborah Borda, as well as violist Iris Hur, pianist Emanuel Ax, and more.

Music and Community in Atlanta took place in May 2023, in partnership with Atlanta Music Project (AMP). AMP is a youth development program that operates in under-resourced communities to provide world-class music training and performance opportunities. In this initiative we engaged and showcased Atlanta Music Project's young musicians and new facility.

In the words of AMP Co-Founder & CEO Dantes Rameau: "We can't thank you enough for bringing us the opportunity to host From the Top. On top of that, to have our students perform and interview for the episode is just incredible. This is a historic moment in the life of the organization!"

## **2022/2023: Program Reach, By the Numbers**

Beyond the 370,000 audience members who enjoy the broadcast and podcast of FTT's flagship radio program, FTT has extended its reach across every major digital platform gathering millions of views and thousands of meaningful engagements.

Over the last year, we worked closely with our young musicians to co-create content including Daily Joy videos, Instagram takeovers, and video reels. In the words of host Peter Dugan: "We've been leaning more and more into the idea of being youth-driven — even youth-led — giving space for young people to tell their stories the way they want to tell them."

In all FTT created 4,135 minutes of programming, featuring 445 young musicians, and 260 Daily Joy videos—all reaching 4.13M viewers across social media platforms.



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
From the Top, Inc.  
Boston, Massachusetts

### **Opinion**

We have audited the accompanying financial statements of From the Top, Inc., (a Massachusetts non-profit corporation) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of From the Top, Inc. as of June 30, 2023 and its changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about From the Top, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 From the Top, Inc.'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 From the Top, Inc.'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses - program services is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Matters – Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The program report for fiscal year 2023 on pages 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express or provide any assurance on it.

*Adler Blanchard & Associates LLP*

**Burlington, Massachusetts**  
December 21, 2023

**FROM THE TOP, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**

**ASSETS**

<b>Current assets:</b>	
Cash	\$ 874,439
Certificates of deposit	2,050,000
Accounts receivable, net	157,321
Prepaid expenses and deposits	32,958
<b>Total current assets</b>	<b>3,114,718</b>
<b>Fixed assets:</b>	
Property and equipment, net	7,096
<b>Total assets</b>	<b>\$ 3,121,814</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>	
Accounts payable	\$ 64,062
Accrued wages payable	38,488
Accrued expenses	76,910
<b>Total current liabilities</b>	<b>179,460</b>
<b>Total liabilities</b>	<b>179,460</b>
<b>Net assets:</b>	
Net assets without donor restrictions	2,196,190
Net assets with donor restrictions	746,164
<b>Total net assets</b>	<b>2,942,354</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,121,814</b>

**FROM THE TOP, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support:</b>			
Contributions	\$ 921,678	\$ 739,026	\$ 1,660,704
Government support	227,400	-	227,400
In-kind contributions	15,613	-	15,613
<b>Total public support</b>	<u>1,164,691</u>	<u>739,026</u>	<u>1,903,717</u>
<b>Program service fees:</b>			
Carriage fees	329,336	-	329,336
Road show and other program service fees	21,668	-	21,668
Educational fees	22,203	-	22,203
<b>Total program service fees</b>	<u>373,207</u>	<u>-</u>	<u>373,207</u>
<b>Other revenue:</b>			
Gain on disposal of fixed assets	12,070	-	12,070
Other income	775	-	775
Investment income	42,551	-	42,551
<b>Total other revenue</b>	<u>55,396</u>	<u>-</u>	<u>55,396</u>
<b>Net assets released form restrictions:</b>			
Satisfaction of program restrictions	579,916	(579,916)	-
<b>Total net assets released from restrictions</b>	<u>579,916</u>	<u>(579,916)</u>	<u>-</u>
<b>Total support and revenue</b>	2,173,210	159,110	<b>2,332,320</b>
<b>Expenses:</b>			
Program services	1,387,980	-	1,387,980
General and administrative	481,423	-	481,423
Fundraising	371,681	-	371,681
<b>Total expenses</b>	<u>2,241,085</u>	<u>-</u>	<u>2,241,085</u>
<b>Change in net assets</b>	(67,875)	159,110	<b>91,235</b>
<b>Net assets at beginning of year</b>	<u>2,264,065</u>	<u>587,054</u>	<u>2,851,119</u>
<b>Net assets at end of year</b>	<u>\$ 2,196,190</u>	<u>\$ 746,164</u>	<u>\$ 2,942,354</u>



**FROM THE TOP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	Program Services	Supporting Services		Total
		General and Administrative	Development	
Payroll and payroll taxes	\$ 711,309	\$ 198,232	\$ 250,321	\$ 1,159,862
Scholarships	295,305	-	-	295,305
Professional fees	34,041	202,794	9,739	246,574
Production costs	130,825	-	1,835	132,660
Fringe benefits	60,629	25,458	32,194	118,281
Travel, lodging and meals	62,722	20,192	9,459	92,373
Office expenses	45,052	20,841	31,259	97,152
Marketing	19,996	515	24,919	45,431
Insurance	18,239	6,862	1,641	26,742
Event expenses	-	-	8,927	8,927
Depreciation	2,354	2,412	1,311	6,077
Telephone/internet	1,603	1,697	-	3,300
Advertising	3,210	-	-	3,210
Website	2,695	16	76	2,787
Rent	-	2,404	-	2,404
<b>Total</b>	<b>\$ 1,387,980</b>	<b>\$ 481,423</b>	<b>\$ 371,681</b>	<b>\$ 2,241,085</b>

**FROM THE TOP, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 91,235
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,077
Gain on disposal of property and equipment	(12,070)
Donation of stock	(19,682)
Net (gains) and losses on investments	(200)
(Increase) decrease in:	
Accounts receivable	483,704
Prepaid expenses	(1,991)
Increase (decrease) in:	
Accounts payable	20,626
Accrued expenses and wages payable	(61,209)
<b>Net cash provided by operating activities</b>	<b>506,490</b>
<b>Cash flows from investing activities:</b>	
Purchase of property and equipment	(5,824)
Purchase of certificates of deposit	(2,050,000)
Proceeds from sale of property and equipment	15,200
Proceeds from sale of investments	19,886
<b>Net cash used by investing activities</b>	<b>(2,020,738)</b>
<b>Net decrease in cash</b>	<b>(1,514,248)</b>
<b>Cash, beginning</b>	<b>2,388,687</b>
<b>Cash, ending</b>	<b>\$ 874,439</b>

**FROM THE TOP, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 1. NATURE OF BUSINESS**

Organization and Nature of Operations

From the Top, Inc. (the “Organization” or “From the Top” or “FTT”) is an independent national non-profit organization that empowers and celebrates young musicians. The Organization was organized under Massachusetts General Law Chapter 180 in November 2001 and is headquartered in Boston. The Organization is exempt from taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

Broadcasts, Digital Media, and Live Events

Since its inception, From the Top has recorded more than 400 radio and television broadcasts before live audiences in 40 states and two international cities, featuring over 3,000 young artists. Since March 2020, recordings have been made in studios across the U.S. and from young musicians’ homes. From the Top’s radio show is distributed by National Public Radio (“NPR”) to nearly 200 stations coast to coast and is the most popular weekly classical music program on public radio. From the Top’s PBS television series From the Top at Carnegie Hall received two Emmy Awards and aired for two seasons.

In recent years, From the Top has worked closely with young musicians to co-create content for From the Top’s expanding digital platforms. Digital and social media offerings include “Daily Joy” videos that audiences can subscribe to, virtual concerts, a 15-year archive of creative music videos featuring youth, and podcast/bonus audio+video content related to the NPR radio show. From the Top can now be found on YouTube, Instagram, Facebook, Twitter, and TikTok.

Leadership and Community Engagement

Over the last decade, From the Top has recognized the power in providing a space for young musicians to slow down, reflect, and build leadership skills and “citizen artist” muscles. Through workshops and facilitated peer exchange, young musicians examine their passions, what skills they have in and out of music, and what the world needs. Then they put learning into practice utilizing their artistry as a humanitarian tool to connect to people, fueling an exchange that transforms both artists and “audience.” Community engagement has ranged from performing and working in children’s hospitals, after-school music programs, assisted living facilities, and food pantries, to designing powerful one-on-one unique concert/conversation experiences. From the Top musicians and their stories also reach and inspire countless numbers of K-12 students through features of McGraw music curricula.

Admissions, Recruitment, and Awards

The Admissions, Recruitment, and Scholarship Department is the engine that fuels From the Top, bringing young musicians of different ages, geographic regions, socio-economic, and racial background into the Organization. The focus of the work is on facilitating communication and awareness of From the Top to a network of music educators, programs, and individual young musicians and their families; facilitating the application, audition and review process; and annually awarding 20 musicians who perform on From the Top’s NPR show a \$10,000 award.

Since 2005, From the Top and the Jack Kent Cooke Foundation have awarded approximately \$4.15 million to more than 320 exceptional young musicians with financial need. Young musicians who receive an award are coached through utilizing the funds to support their continued music education, often purchasing or repairing instruments, paying for lessons or summer programs fees, subsidizing travel to auditions, purchasing concert attire, and more.

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivables are stated at the amount the Organization's management expects to collect from outstanding balances. The Organization's management provides for probable uncollectible amounts through a charge of earnings and a credit to a valuation allowance based on historical collection experiences and its assessment of current economic conditions. Balances that are still outstanding after the Organization's management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts receivable are deemed to be fully collectible by the Organization's management as of June 30, 2023.

Property and Equipment

Property and equipment are stated at cost at the time of acquisition or fair market value at the time of donation. The Organization capitalizes expenditures in excess of \$1,000. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain and loss is credited or charged to operations. Depreciation is recorded on a straight-line basis based on their estimated useful lives, which range from three to seven years. The cost of the leasehold improvements is amortized on a straight-line basis over the lesser of the length of the related leases or the estimated useful lives of the assets. Amortization expense is included in depreciation.

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

The Organization's investments consist of money market funds, which are carried at their fair values. Unrealized gains and losses are included in the changes in net assets. Gains and losses on the disposition of investments are determined based on various methods, including the average cost method, first-in first-out method, and last-in last-out method, depending on the type of underlying investment. Investment income restricted by a donor is reported as an increase in net assets with donor restrictions. When the restrictions expire (either a stipulated time period ends or a purpose restriction is accomplished), the net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Revenue Recognition

Carriage fee revenue is recognized based on the consideration specified in the contracts with NPR and as shows are broadcasted throughout the year. Revenue received in advance for broadcasts is recorded as deferred revenue. The contracts contain payment terms, as well as the rights and commitments of both parties. Revenue is billed based on the contract with NPR. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved.

Road show revenue is recognized as services are provided based on the consideration specified in contracts with presenters. Services consist of production of radio programs. Revenue received in advance of the production date is recorded as deferred revenue and is included in the accompanying statement of financial position. The contracts contain payment terms, as well as the rights and commitments of both parties. Revenue is billed based on the contract with the presenters. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved.

Educational fees are recognized as educational content is used and royalties are earned from the publication of textbooks and online by McGraw Hill based on the consideration specified in the contract with McGraw. Educational fees include content and royalties from the continuing publication of the content in textbooks and online. The contracts contain payment terms, as well as the rights and commitments of both parties. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and contract has been approved.

Contributions and Donor Restrictions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific reasons are reported as support with donor restrictions that increase this net asset class. This revenue is reclassified to net assets without donor restrictions when the time or purpose restrictions are met.

Conditional promises to give are those that include a barrier that must be overcome and either a right of return of assets received by the Organization or a right of release of the donor's obligation to transfer assets to the Organization. Conditional promises to give are not recognized as contributions until such time as the conditions upon which they depend are substantially met or explicitly waived by the donor. Proceeds received from the conditional contributions are recorded as deferred revenue until such a time that the conditional barriers to revenue recognition have been overcome.

When restrictions expire, the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions and Donor Restrictions (Continued)

Pledges received are reported at net realizable value if, at the time the pledge is made, collections are expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value using present value techniques and are discounted using a rate commensurate with the risk involved that is determined by management. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions in the form of property and equipment, and other assets (such as investments), are recorded at fair value on the date the donation is received. Contributed services that require specialized skills are recognized as revenue at the estimated fair value when the service is received. In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Staff costs are allocated based on time and effort. Costs associated with occupancy are allocated based upon square footage. Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Advertising and Marketing

Advertising and marketing costs are expensed when incurred. Amounts incurred for the year ended June 30, 2023 totaled \$3,210.

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income for the year ended June 30, 2023. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2023. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2020 – 2022.

Accrued interest and penalties associated with uncertain tax positions are recognized as a part of interest expense and miscellaneous expenses, respectively, in the accompanying statement of activities. The Organization has no accrued interest and penalties associated with its uncertain tax positions as of June 30, 2023, and none were incurred during the year then ended.

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Adoption of New Accounting Standard

Effective July 1, 2022, the Organization adopted the provisions of Accounting Standards Update No. 2016-02, *Leases* (“ASU 2016-02”). The standard requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statement of financial position. Upon adoption of ASU 2016-02, the Organization has elected the following practical expedients: (a) use of a risk-free rate when the rate of the lease is not explicit in the contract, (b) the Organization will not separate lease and non-lease components in an identified lease, (c) short-term leases of 12 months or less will be excluded from lease accounting, (d) a package of expedients for leases in existence at the transition date such that the Organization need not reassess whether existing contracts contain a lease, reassess the classification of operating or capital leases, or reassess initial direct costs for potential capitalization. ASU 2016-02 has been implemented by the Organization on a modified retrospective basis. Upon adoption, the Organization did not identify any leases requiring capitalization under the new accounting guidance.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 31, 2023, the date the financial statements were available to be issued.

**Note 3. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balance in several accounts at various banks. The cash balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the balance may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balance in excess of government provided insurance. Management believes that no significant concentration of credit risks exists with respect to the cash balance as of June 30, 2023.

**Note 4. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures within one year consist of the following:

**Financial assets at year end:**

Cash and certificates of deposit	\$ 2,962,887
Accounts receivable, net	157,321
<b>Total financial assets</b>	<u>3,120,208</u>

**Less: Amounts restricted by donors with time or**

purpose restrictions	746,164
Board designated reserve	<u>554,161</u>

**Financial assets available to meet general expenditures within one year**

\$ 1,819,883

**FROM THE TOP, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

At times, the Organization may operate at a deficit, during which it relies on its liquid reserves to provide a consistent level of program services.

The Organization has various sources of liquidity at its disposal including cash, investments and a steady revenue system from public support and program services fees revenue.

**Note 5. ACCOUNTS RECEIVABLE AND SIGNIFICANT CUSTOMERS**

Accounts receivable as of June 30, 2023, consists of the following:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Pledges	\$ 137,902	\$ -	\$ 137,902
Royalties	7,759	-	7,759
Interest on certificates of deposit	11,660	-	11,660
<b>Total</b>	<b>\$ 157,321</b>	<b>\$ -</b>	<b>\$ 157,321</b>

The Organization had pledges receivable representing the following as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Contributions	\$ 137,902	\$ -	\$ 137,902
<b>Total</b>	<b>\$ 137,902</b>	<b>\$ -</b>	<b>\$ 137,902</b>

The Organization receives grants and contributions from various government sources, private foundations, and individuals. For the year ended June 30, 2023, approximately 35% of the Organization's revenue was received from 3 donors. As of June 30, 2023, there were no amounts in receivables outstanding from those donors.

**Note 6. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2023, consists of the following:

	<u>Cost</u>	<u>Accumulated Decepreciation</u>	<u>Net Book Value</u>
Office and computer equipment	\$ 107,286	\$ (100,190)	\$ 7,096
<b>Total</b>	<b>\$ 107,286</b>	<b>\$ (100,190)</b>	<b>\$ 7,096</b>



**FROM THE TOP, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30, 2023:

Scholarship Programs:	
Tim Banker Scholarship	\$ 196,172
Jack Kent Cooke Foundation	531,992
Other	8,000
Radio	10,000
	<u>\$ 746,164</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying restricted purposes, time, or by the occurrence of other events specified by the donor during the year ended June 30, 2023:

Tim Banker Scholarship	\$ 19,855
Jack Kent Cooke Foundation Scholarship	560,061
	<u>\$ 579,916</u>

**Note 8. IN-KIND DONATIONS**

The value of donated goods and services included as contributions in the financial statements and the corresponding expenses for the year ended June 30, 2023, are as follows:

	<u>Revenue</u>			
	<u>Contributions</u>			
Professional fees	<u>\$ 15,613</u>			
	<u>Expenses</u>			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Professional fees	\$ 2,150	13,463	\$ -	<u>\$ 15,613</u>

**Note 9. COMMITMENTS AND CONTINGENCIES**

The Organization receives funding from various federal and state agencies and private foundations. Expenditures of funds from the federal and state agencies and certain private foundations require compliance with the grant agreements and are subject to audit by the grantor. Any disallowed expenditures resulting from such audits become a liability of the Organization. In the opinion of the Organization's management, disallowed expenditures, if any, will not have a material effect on the financial position of the Organization.

**FROM THE TOP, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Employment Agreements

The Organization has entered into an employment agreement with a key employee, which was effective in 2022. The agreement provides for, among other things, compensation, including bonuses and other incentive payments, other benefits and termination provisions. The agreement was terminated on June 30, 2023.

**Note 10. GRANT AGREEMENTS**

Scholarship Program

The Organization has entered into agreements with the Jack Kent Cooke Foundation to support the identification of applicants for the Organization's scholarship and recruitment program. The original grant was awarded in March 2005 for the period June 1, 2005 through May 31, 2006 and provided for two one-year renewal periods. Since the grant renewals, the Organization has entered into additional agreements, with the latest grant awarded totaling \$515,000 in May 2023 for the period September 1, 2023 through August 31, 2024. The annual grants awarded have ranged in value from \$500,000 to \$585,000.

Each agreement contains provisions that grant funds will be expended in accordance with the grant proposal as itemized in the proposed project budget. Any line item that exceeds more than 10 percent of the proposed budget must be agreed to in writing by the grantor. In addition, funds remaining at the completion of the grant period must be returned to the grantor unless the grantor agrees otherwise in writing. As of June 30, 2023, the Organization has grant funds remaining in the amount of \$531,993, which are included in net assets with donor restriction on the accompanying statement of financial position.

A summary of cumulative activity from inception in 2005, through June 30, 2023, is as follows:

Grants received	\$ 9,926,755
Cumulative expenditures incurred:	
Scholarships	(3,849,290)
Program and administrative costs	(5,545,472)
Grant funds remaining at June 30, 2023	<u>\$ 531,993</u>

Grant funds held by award year as of June 30, 2023, is as follows:

Grant period ending:	
August 31, 2023	\$ 16,993
August 31, 2024	515,000
Grant funds remaining at June 30, 2023	<u>\$ 531,993</u>

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 11. CONTRACTUAL AGREEMENTS**

NPR Agreement

The Organization entered into a distribution agreement with National Public Radio (“NPR”) to distribute the radio shows produced by From the Top commencing on January 1, 2009. The Organization and NPR executed a new distribution agreement, which was effective January 1, 2016, and through September 30, 2017. The program year under the agreement is from October 1<sup>st</sup> through September 30<sup>th</sup>. On October 3, 2017, an amendment to the new agreement was signed and executed for the period October 1, 2017. Through September 30, 2018, with the option to auto renew annually for three consecutive years, through September 2021. On March 4, 2022, a second amendment to the agreement was signed and executed, with an effective date of October 1, 2021. The amendment extends the term of the agreement for the period October 1, 2021 through September 30, 2022, provides for the option to auto renew annually for three consecutive years, through September 2025 and update certain other terms and provisions of the agreement. In addition, NPR has been granted a right of first refusal to acquire certain broadcast rights as more fully outlined in the agreement.

The provisions of the agreement provide for NPR to pay carriage fees as determined in accordance with the contract, which currently provides for the Organization to receive fees based on 97% of the actual carriage fees received by NPR. The agreement currently provides for the Organization to receive 75% of the projected carriage fees during the contract year (currently by November 15<sup>th</sup>) with final reconciliation of the amount earned to be completed by NPR upon the close of each contract year.

Amounts totaling \$329,336 have been recognized as revenue for the year ended June 30, 2023.

Other

The Organization entered into an agreement, which was effective on January 4, 2008, to provide certain educational related content to McGraw Hill. The agreement provided for revenues for the content and royalties from the continuing publication of the content in textbooks and online. During the year ended June 30, 2023, royalties of \$22,203 were earned and are included in educational fees in the statement of activities.

**Note 12. EMPLOYEE BENEFIT PLAN**

The Organization sponsors an individual based tax-sheltered retirement savings plan (“the Plan”) under Section 403(b) of the Internal Revenue Code. This plan enables any full-time employee who is willing to contribute at least \$650 per year to the Plan to participate. The Plan provides for no sponsor matching or contribution.

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 13. INVESTMENTS**

As part of its cash management program, the Organization maintains an investment portfolio. As of June 30, 2023, the Organizations held no investments.

For the year ended June 30, 2023, investment activity for the portfolio of marketable investment securities is as follows:

Investments, beginning of year	\$	-
Stock donations received		19,682
Realized and unrealized gain (loss)		321
Stock sales		(19,886)
Fees		(117)
Investments, end of year	<u>\$</u>	<u>-</u>

**Note 14. FAIR VALUE MEASUREMENTS**

The Organization follows FASB's guidance on fair value measurements, which provides a framework for measuring fair value and expands related disclosures. Broadly, the guidance framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principle or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance establishes a three-level hierarchy based upon observable and unobservable inputs.

The fair value hierarchy under the guidance is as follows:

*Level 1* - Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs;

*Level 2* - Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;

*Level 3* - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The fair value hierarchy gives the lowest priority to level 3 inputs.

The asset or liability's fair value measurement level within the fair hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance requires the use of observable data if such data is available without undue cost and effort.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2023.

*Money market funds* - Valued at the daily closing price as reported by the fund.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different

**FROM THE TOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 14. FAIR VALUE MEASUREMENTS (CONTINUED)**

methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2023, the Organization held no assets measured at fair value on a recurring basis under the fair value hierarchy.

**Note 15. NOTES PAYABLE**

Line of Credit

The Organization entered into a revolving line of credit agreement with a financial institution dated November 19, 2010. The line of credit is subject to review and renewal by the financial institution annually each March. The maximum amount available is \$150,000. Monthly payments of principal, as determined by the lender, and interest are due at the bank's prime rate for commercial loans plus 1.5%, on any outstanding balance. The line is secured by the general assets of the Organization, including funds held in accounts at the institution, and is subject to annual renewal. The agreement also contains certain covenants including a requirement that the line of credit have no outstanding balance for at least 60 days each year. There were no borrowings or repayments during the year ended June 30, 2023, and there was no outstanding balance as of June 30, 2023.

The Organization entered into a revolving line of credit agreement with a financial institution dated July 26, 2021. The line of credit is due and payable on the Maturity Date which is defined as the earlier of i) default or ii) demand by the Bank or iii) two years from the date of the line of credit note (July 26, 2023). The maximum amount available is \$250,000. Monthly payments of principal as determined by the lender, and interest are due at the greater of i) the bank's prime rate for commercial loans plus 1.5% or 4.75% if auto debit is used by the Organization for payment or ii) the greater of the bank's prime rate commercial loans plus 2.0% or 5.25% if auto debit is not used by the Organization for payment on any outstanding balance. The line is secured by the general assets of the Organization, including funds held in accounts at the institution, and is subject to annual renewal. The agreement also contains certain covenants. There were no borrowings or repayments during the year ended June 30, 2023 and there was no outstanding balance as of June 30, 2023.

**Note 16. BOARD DESIGNATED NET ASSETS**

During fiscal year 2022, the Board of Directors established a goal of reserving \$600,000 of the Organization's unrestricted net assets as a working capital reserve. As of June 30, 2023, the Board of Directors has designated a portion of the unrestricted net assets in the amount of \$554,161 for this purpose.

**Note 17. SUBSEQUENT EVENTS**

During March 2023, the Organization's \$150,000 line of credit was renewed by the bank through March 2024.

During July 2023, the Organization's \$250,000 line of credit was renewed by the bank. The Organization paid off this line of credit in full and closed the line during September 2023.

## Supplementary Information

**FROM THE TOP, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES – PROGRAM SERVICES**  
**For the Year Ended June 30, 2023**

	Program Services				<b>Total</b>
	Radio Production	Leadership and Community Engagement	Marketing and Communications	Admissions and Scholarship	
Payroll and payroll taxes	\$ 262,786	\$ 68,844	\$ 177,072	\$ 202,607	\$ <b>711,309</b>
Scholarships	750	39,591	-	254,964	<b>295,305</b>
Production costs	125,519	-	-	5,306	<b>130,825</b>
Fringe benefits	16,475	4,424	6,650	33,080	<b>60,629</b>
Travel, lodging and meals	54,924	6,268	434	1,096	<b>62,722</b>
Professional fees	11,734	2,981	10,039	9,287	<b>34,041</b>
Office expenses	14,444	372	14,417	15,819	<b>45,052</b>
Marketing	2,950	-	16,966	80	<b>19,996</b>
Insurance	15,284	461	1,160	1,334	<b>18,239</b>
Advertising	-	-	3,170	40	<b>3,210</b>
Website	-	-	2,695	-	<b>2,695</b>
Depreciation and amortization	1,550	-	402	402	<b>2,354</b>
Telephone/internet	803	-	800	-	<b>1,603</b>
<b>Total</b>	<b>\$ 507,219</b>	<b>\$ 122,941</b>	<b>\$ 233,805</b>	<b>\$ 524,015</b>	<b>\$ 1,387,980</b>