



Youth Music Project

Financial Statements and Other Information
as of and for the Year Ended December 31, 2023
and Independent Accountants' Review Report

YOUTH MUSIC PROJECT

TABLE OF CONTENTS

	Page
Independent Accountants' Review Report	3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Other Information:	
Governing Board and Management	14
Inquiries and Other Information	15

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

*The Board of Directors
Youth Music Project:*

We have reviewed the accompanying financial statements of Youth Music Project, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services*, promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

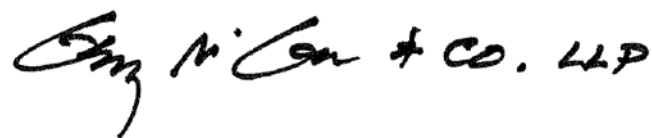
We are required to be independent of Youth Music Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

Summarized Comparative Information

The accompanying 2022 summarized comparative information has been derived from the financial statements of Youth Music Project as of December 31, 2022. The 2022 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated April 8, 2023, but we have not performed any auditing procedures since that date.



April 30, 2024

YOUTH MUSIC PROJECT
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

	2023	2022
Assets:		
Cash and cash equivalents	\$ 890,164	656,786
Accounts receivable	9,010	1,188
Contributions receivable (<i>note 3</i>)	67,775	92,400
Prepaid expenses and other assets	7,992	36,440
Property and equipment (<i>note 4</i>)	690,800	438,002
Total assets	\$ 1,665,741	1,224,816
Liabilities:		
Accounts payable and accrued expenses	39,480	22,907
Accrued payroll liabilities	89,242	78,597
Deferred revenues	86,276	131,261
Total liabilities	214,998	232,765
Net assets:		
Without donor restrictions		
Available for programs and general operations	34,541	(29,850)
Board-designated operating reserve	325,000	325,000
Net investment in capital assets	690,800	438,002
Total without donor restrictions	1,050,341	733,152
With donor restrictions (<i>note 6</i>)	400,402	258,899
Total net assets	1,450,743	992,051
Commitments and contingencies (<i>notes 9, 10, and 11</i>)		
Total liabilities and net assets	\$ 1,655,741	1,224,816

See independent accountants' review report and accompanying notes to financial statements.

YOUTH MUSIC PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	
Revenues, gains, and other support:				
Grants and contributions	\$ 985,916	307,430	1,293,346	267,295
In-kind donations (<i>note 5</i>)	258,195	–	258,195	256,625
Special events, net of direct costs of \$53,571 in 2023 and \$44,894 in 2022	1,229	128,363	129,592	94,839
Tuition and other program service fees	461,964	–	461,964	462,895
Gain on sale of donated stock	3,203	–	3,203	–
Other	2,529	–	2,529	2,608
Total revenues and gains	1,713,036	435,793	2,148,829	1,084,262
Net assets released from restrictions (<i>note 7</i>)	294,290	(294,290)	–	–
Total revenues, gains, and other support	2,007,326	141,503	2,148,829	1,084,262
Expenses (<i>note 8</i>):				
Program services	1,623,125	–	1,623,125	1,550,573
Management and general	172,667	–	172,667	157,584
Fundraising	222,777	–	222,777	200,080
Total expenses	2,018,569	–	2,018,569	1,908,237
Increase (decrease) in net assets before non-operating activities	(11,243)	141,503	130,260	(823,975)
Non-operating activities:				
Employee Retention Credit	–	–	–	385,312
In-kind donation of capital assets (<i>note 5</i>)	340,080	–	340,080	–
Loss on disposal of assets	(11,648)	–	(11,648)	(20,483)
Total non-operating activities	328,432	–	328,432	364,829
Increase (decrease) in net assets	317,189	141,503	458,692	(459,146)
Net assets at beginning of year	733,152	258,899	992,051	1,451,197
Net assets at end of year	\$ 1,050,341	400,402	1,450,743	992,051

See independent accountants' review report and accompanying notes to financial statements.

YOUTH MUSIC PROJECT
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			Total	2022
	Program services	Management and general	Fundraising		
Salaries and related expenses	\$ 1,059,645	101,500	198,869	1,360,014	1,287,396
Professional fees	43,258	52,634	2,093	97,985	104,225
Occupancy	246,188	5,095	3,465	254,748	254,605
Supplies	39,345	3,530	–	42,875	39,155
Equipment repair and maintenance	40,350	818	556	41,724	33,362
Technology	34,990	724	492	36,206	33,782
Recruitment and training	4,862	477	875	6,214	4,759
Insurance	36,047	746	507	37,300	24,906
Marketing and advertising	10,668	–	4,157	14,825	14,833
Telephone	6,449	133	91	6,673	6,490
Other expenses	21,074	5,704	10,784	37,562	30,581
Total expenses before depreciation	1,542,876	171,361	221,889	1,936,126	1,834,094
Depreciation	80,249	1,306	888	82,443	74,143
Total expenses	\$ 1,623,125	172,667	222,777	2,018,569	1,908,237

See independent accountants' review report and accompanying notes to financial statements.

YOUTH MUSIC PROJECT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash flows from operating activities:		
Cash received from grantors and contributors	\$ 1,501,134	856,474
Cash received from tuition and others	414,889	465,087
Cash paid to employees and suppliers	(1,675,836)	(1,624,175)
Net cash provided by (used in) operating activities	240,187	(302,614)
Cash flows from investing activities:		
Capital expenditures	(6,809)	(53,566)
Net cash used in investing activities	(6,809)	(53,566)
Net increase (decrease) in cash and cash equivalents	233,378	(356,180)
Cash and cash equivalents at beginning of year	656,786	1,012,966
Cash and cash equivalents at end of year	\$ 890,164	656,786

See independent accountants' review report and accompanying notes to financial statements.

YOUTH MUSIC PROJECT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Organization

Founded in 2012, Youth Music Project is a non-profit organization devoted to providing outstanding rock, pop, and country music education for youth by furnishing tuition assistance, instrument rental, and exceptional performance opportunities. Youth Music Project offers year-round after-school group and private lessons, summer camps, and early childhood music education.

Youth Music Project believes that music is essential for child development and that all children deserve access to quality musical experiences. Performing music in front of a live audience builds confidence and provides valuable skills benefitting students for the rest of their lives. Accessibility and inclusivity are at Youth Music Project’s core.

Youth Music Project offers individual, group, and summer camp music instruction in piano, violin, drums, guitar, bass, ukulele, voice, rock band, and more. Launched out of a travel trailer in 2012, the organization went from a traveling music program to having a permanent home in an ADA-accessible, state-of-the-art facility. In 2023, Youth Music Project provided music instruction to 1,134 non-duplicated students, 30% of whom attended for no cost. These students accounted for a cumulative total of 2,536 enrollments throughout the year, 36% of which were provided at no cost. This reflected an 11% decline in total non-duplicated students, and a 6% decline in total enrollments between fiscal year 2022 and 2023 as shown in the following table.

Non-Duplicated Students

	Paying	Free	Total
2022	898	382	1,280
2023	798	336	1,134

Enrollments

	Paying	Free	Total
2022	1,786	919	2,705
2023	1,621	915	2,536

Youth Music Project is also the music education provider for Lake Oswego Parks & Recreation, providing music education to an additional 151 non-duplicated students and 195 enrollments via this contract in 2023.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by Youth Music Project are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Youth Music Project and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the organization’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation – Generally, furniture, equipment, and leasehold improvements in excess of \$2,500 with a useful life of more than one year are capitalized and reported at cost when purchased, and initially at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 to 12 years for furniture and equipment, and over the term of lease for leasehold improvements.

Revenue Recognition – With regard to revenues, Youth Music Project evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, Youth Music Project recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

Youth Music Project’s exchange transactions include revenues from tuition, program service fees, and sales. These revenues are generally recognized at the time of service delivery. Tuition assistance is available for students who qualify for free/reduced lunch under federal financial income guidelines. Tuition and fees received for future fiscal years are reported as deferred revenues. These amounts will be recognized as revenue in the fiscal year to which they apply. Tuition is reported as revenue net of any tuition assistance provided. During the year ended December 31, 2023, Youth Music Project provided \$261,254 in tuition assistance.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, Youth Music Project evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor’s commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which are appropriate for the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the organization’s programs. Under generally accepted accounting principles, significant services received which create or enhance a non-financial asset or require specialized skills that Youth Music Project would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of land, buildings, equipment, and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization’s activities.

See note 5 for additional information about in-kind contributions.

Measure of Operations – Youth Music Project includes in its measure of operations all revenues and expenses that are integral to its program and supporting activities, including net assets released from donor restrictions to support operating expenditures. The measure of operations excludes the Employee Retention Credit received, in-kind donations of capital assets and the loss on the disposal of assets.

Advertising and Marketing Expenses – Advertising and marketing costs are charged to expense as they are incurred.

Concentrations of Credit Risk – Youth Music Project’s financial instruments consist primarily of cash, which may subject the organization to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”).

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC or SIPC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At December 31, 2023, Youth Music Project held \$303,757 in cash balances in excess of the FDIC and SIPC insured level.

Income Taxes – Youth Music Project is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through April 30, 2024, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2022 – The accompanying financial information as of and for the year ended December 31, 2022 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Contributions Receivable

Contributions receivable consist of unconditional promises to give expected to be collected in less than one year and total \$67,775 at December 31, 2023.

4. Property and Equipment

A summary of property and equipment at December 31, 2023 is as follows:

Furniture and equipment	\$ 713,894
Leasehold improvements	543,483
	<hr/> 1,257,377
Less accumulated depreciation	(566,577)
	<hr/> \$ 690,800

5. In-Kind Contributions

Youth Music Project’s in-kind contributions for the year ended December 31, 2023 are summarized, including their utilization by program services or other activities, as follows:

Free use of office

Facilities:

Program services	\$ 195,986
Management and general	4,056
Fundraising	2,758

202,800

Donated goods and materials:

Program services	4,995
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Professional services:

Program services	32,830
Management and general	17,353
Fundraising	217

50,400

Capital assets

Leasehold improvements	290,448
Furniture and equipment	49,632

340,080

\$ 598,275

The contributed free use of office facilities is valued and reported at the estimated fair value in the financial statements based on current rental rates for similar facilities and is allocated among program and supporting services based upon the square footage occupied.

Contributed supplies and capital assets are valued at the estimated price that would be received for selling similar products in the United States.

Contributed professional services are valued using current rates for similar services and is allocated among program and supporting services based upon estimates of time and effort.

6. Net Assets with Donor Restrictions

The following summarizes Youth Music Project’s net assets with donor-imposed restrictions as of December 31, 2023:

<i>Expendable net assets restricted for the following purposes:</i>	
Tuition assistance	\$ 91,405
Partnership funds	6,654
Park Academy field trips	3,412
Open mic night	1,500
	102,971
<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Cash and pledges to benefit general operations in fiscal year 2024	297,431
	400,402
Total net assets with donor restrictions	\$ 400,402

7. Net Assets Released from Restrictions

During the year ended December 31, 2023, \$294,290 in net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors.

8. Expenses

The costs of providing the various programs and activities of the organization 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. Expenses by natural classification are presented in the statement of functional expenses.

Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation and amortization, and other facility-related costs, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

9. Operating Lease Commitment

Youth Music Project operates under a lease agreement for the use of its facility with an organization controlled by members of its Board of Directors. The lease extends through June 30, 2026, with no rent payments due during this lease period. The value of the free rent received during the year ended December 31, 2023 totaled \$202,800 and has been recorded as in-kind revenue and expense in the accompanying statement of activities.

10. Retirement Plan

Youth Music Project adopted a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. Employees over the age of 18 are eligible to participate in the plan after 3 months of service. Employee contributions to the plan may be made on a pre-tax or after-tax basis. The organization makes matching contributions equal to 100% of employee contributions up to 4% of employee compensation. Employees select from several investment options. Employee contributions are 100% vested as contributed and employer contributions are vested immediately. For the year ended December 31, 2023, the organization’s contributions totaled \$14,945.

11. Current Concentrations

During the year ended December 31, 2023, Youth Music Project received \$1,164,429 in cash contributions, \$340,080 in donated capital assets, \$202,800 in the free use of facilities, and \$50,400 in donated services from related parties and companies owned or controlled by them. It is management's intention that the majority of future funding for Youth Music Project will come from contributions from unrelated parties, such as foundations, corporations, and individuals, as well as tuition and program service fee revenues.

12. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2023:

<i>Total financial assets available:</i>	
Cash and cash equivalents	\$ 890,164
Accounts receivable	9,010
Contributions receivable	67,775
	\$ 966,949

As part of its liquidity management, Youth Music Project structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

13. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows) for the year ended December 31, 2023:

Increase in net assets	\$ 458,692
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	82,443
Donation of capital assets	(340,080)
Loss on disposal of assets	11,648
<i>Net changes in:</i>	
Accounts receivable	(7,822)
Contributions receivable	24,625
Prepaid expenses and other assets	28,448
Accounts payable and accrued expenses	16,573
Accrued payroll liabilities	10,645
Deferred tuition revenues	(44,985)
	Total adjustments (218,505)
	Net cash provided by operating activities \$ 240,187

YOUTH MUSIC PROJECT
GOVERNING BOARD AND MANAGEMENT

Board of Directors

Mark Schlesinger
President

Sarah Bany
Co-founder & Vice President

Richard Gonzales
Treasurer

Mary Jaeger
Secretary

Amy Faust

Gail Greenman

David Grieshammer

Gary Maffei

Veronica Murray

Michael Pittman

Rachael Sneddon

Jerry Walker

Jason Waxberg

Management

Travis Magrane
Executive Director

YOUTH MUSIC PROJECT
INQUIRIES AND OTHER INFORMATION

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