

YOUNG CONCERT ARTISTS, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 AND 2017

YOUNG CONCERT ARTISTS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Concert Artists, Inc.

We have audited the accompanying financial statements of Young Concert Artists, Inc. (a nonprofit organization), which comprise the statements of financial position as of as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Concert Artists, Inc. as of June 30, 2018 and 2017, 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.

Lotz + Carr, LLP

New York, New York
October 8, 2018

YOUNG CONCERT ARTISTS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 10)	\$ 81,015	\$ 99,779
Unconditional promises to give (Notes 1c and 3)	93,386	150,084
Interest receivable	23,412	22,656
Investments, at fair value (Notes 1b, 1d, 1e, 4, 5 and 10)	9,535,064	9,290,802
Property and equipment, at cost (net of accumulated depreciation) (Notes 1f and 6)	20,952	-
Prepaid expenses and other assets	55,854	135,172
Security deposits	<u>120,993</u>	<u>136,059</u>
 Total Assets	 <u><u>\$9,930,676</u></u>	 <u><u>\$9,834,552</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 82,703	\$ 84,881
Deferred income (Note 1g)	20,315	12,460
Deferred rent (Note 1h)	98,408	1,005
Total Liabilities	<u>201,426</u>	<u>98,346</u>
 Commitment and Contingency (Notes 7 and 8)		
 Net Assets (Notes 2 and 5)		
Unrestricted		
Board designated reserve	440,939	508,939
Other	<u>141,421</u>	<u>266,354</u>
Total Unrestricted	582,360	775,293
Temporarily restricted	2,785,188	2,604,943
Permanently restricted	<u>6,361,702</u>	<u>6,355,970</u>
Total Net Assets	<u>9,729,250</u>	<u>9,736,206</u>
 Total Liabilities and Net Assets	 <u><u>\$9,930,676</u></u>	 <u><u>\$9,834,552</u></u>

See notes to financial statements.

YOUNG CONCERT ARTISTS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018					2017						
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	Unrestricted		Temporarily Restricted	Permanently Restricted	Total		
	Operating	Board Designated Fund				Total Unrestricted	Operating				Board Designated Fund	Total Unrestricted
Revenue, Gains and Public Support												
Contributions												
Individuals	\$ 368,964	\$ -	\$ 368,964	\$ 29,200	\$ 5,732	\$ 403,896	\$ 313,623	\$ -	\$ 313,623	\$ 55,736	\$ 22,878	\$ 392,237
Foundations	503,170	-	503,170	-	-	503,170	412,375	-	412,375	115,100	-	527,475
Corporations	1,156	-	1,156	-	-	1,156	25	-	25	-	-	25
Government	70,546	-	70,546	15,000	-	85,546	58,543	-	58,543	-	-	58,543
Bequests	2,103	-	2,103	-	-	2,103	554	-	554	-	-	554
Fees and expenses collected on behalf of artists	676,964	-	676,964	-	-	676,964	730,122	-	730,122	-	-	730,122
Benefit event income, net of direct expenses of \$200,510 (2018) and \$123,984 (2017)	648,845	-	648,845	-	-	648,845	621,563	-	621,563	-	-	621,563
Concert series ticket sales												
New York Concert series	63,062	-	63,062	-	-	63,062	61,763	-	61,763	-	-	61,763
Washington DC Concert series	37,329	-	37,329	-	-	37,329	36,465	-	36,465	-	-	36,465
Booking commissions	57,188	-	57,188	-	-	57,188	56,631	-	56,631	-	-	56,631
Audition fees	12,815	-	12,815	-	-	12,815	13,985	-	13,985	-	-	13,985
Net investment income (Note 4)	-	44,497	44,497	764,384	-	808,881	-	70,781	70,781	637,588	-	708,369
Miscellaneous income	6,277	-	6,277	-	-	6,277	9,086	-	9,086	-	-	9,086
Net assets released from restrictions - accumulated investment earnings (Note 5)	437,503	-	437,503	(437,503)	-	-	425,769	-	425,769	(425,769)	-	-
Net assets released from restrictions - grants and contributions	190,836	-	190,836	(190,836)	-	-	84,000	-	84,000	(84,000)	-	-
Transfer from reserve fund	112,497	(112,497)	-	-	-	-	509,231	(509,231)	-	-	-	-
Total Revenue, Gains and Public Support	3,189,255	(68,000)	3,121,255	180,245	5,732	3,307,232	3,333,735	(438,450)	2,895,285	298,655	22,878	3,216,818
Expenses												
Program Services												
New York Concert series	326,856	-	326,856	-	-	326,856	429,531	-	429,531	-	-	429,531
Washington DC Concert series	245,679	-	245,679	-	-	245,679	228,910	-	228,910	-	-	228,910
Auditions	219,986	-	219,986	-	-	219,986	125,740	-	125,740	-	-	125,740
Pyeong Chang Festival	215,241	-	215,241	-	-	215,241	-	-	-	-	-	-
Artist Management	953,241	-	953,241	-	-	953,241	922,936	-	922,936	-	-	922,936
Total Program Services	1,961,003	-	1,961,003	-	-	1,961,003	1,707,117	-	1,707,117	-	-	1,707,117
Supporting Services												
Management and general	314,446	-	314,446	-	-	314,446	209,821	-	209,821	-	-	209,821
Fundraising	357,616	-	357,616	-	-	357,616	440,585	-	440,585	-	-	440,585
Total Expenses (Before Fees and Expenses Paid to Artists)	2,633,065	-	2,633,065	-	-	2,633,065	2,357,523	-	2,357,523	-	-	2,357,523
Fees and expenses paid to artists	681,123	-	681,123	-	-	681,123	730,272	-	730,272	-	-	730,272
Total Expenses	3,314,188	-	3,314,188	-	-	3,314,188	3,087,795	-	3,087,795	-	-	3,087,795
Increase (decrease) in net assets	(124,933)	(68,000)	(192,933)	180,245	5,732	(6,956)	245,940	(438,450)	(192,510)	298,655	22,878	129,023
Net assets, beginning of year	266,354	508,939	775,293	2,604,943	6,355,970	9,736,206	20,414	947,389	967,803	2,306,288	6,333,092	9,607,183
Net Assets, End of Year	\$ 141,421	\$ 440,939	\$ 582,360	\$ 2,785,188	\$ 6,361,702	\$9,729,250	\$ 266,354	\$ 508,939	\$ 775,293	\$ 2,604,943	\$ 6,355,970	\$9,736,206

See notes to financial statements.

YOUNG CONCERT ARTISTS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (6,956)	\$ 129,023
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Endowment contributions	(5,732)	(22,878)
Depreciation and amortization expense	4,620	39
Donated securities	(75,962)	(42,544)
Net realized gain on investments	(319,201)	(1,521,428)
Net unrealized (gain) loss on investments	(399,160)	939,172
Deferred rent	97,403	(12,050)
(Increase) decrease in:		
Unconditional promises to give	56,698	(115,479)
Interest receivable	(756)	(833)
Prepaid expenses and other assets	79,318	(92,061)
Security deposits	15,066	(120,996)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,178)	33,975
Deferred income	7,855	(4,667)
Net Cash Used By Operating Activities	<u>(548,985)</u>	<u>(830,727)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(25,572)	-
Purchase of investments	(2,832,442)	(5,314,274)
Proceeds from sale of investments	<u>3,382,503</u>	<u>6,213,790</u>
Net Cash Provided By Investing Activities	<u>524,489</u>	<u>899,516</u>
Cash Flows From Financing Activities		
Endowment contributions received	<u>5,732</u>	<u>22,878</u>
Net increase (decrease) in cash and cash equivalents	(18,764)	91,667
Cash and cash equivalents, beginning of year	<u>99,779</u>	<u>8,112</u>
Cash and Cash Equivalents, End of Year	<u>\$ 81,015</u>	<u>\$ 99,779</u>

See notes to financial statements.

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Young Concert Artists, Inc. (the "Organization") is not-for-profit organization of a cultural and educational nature. The principal purpose of the Organization is to discover and launch the careers of extraordinary young musicians.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, including money market funds, to be cash equivalents, except for those held in its investment portfolio as part of its long-term investment objectives.

c - Contributions and Unconditional Promises to Give

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.

d - Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Institute. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the institute has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Fair Value Measurement (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

e - Investments

Investments are measured at fair value on a recurring basis. The value of the Organization's cash equivalents, fixed income bonds, common stock and foreign assets are based on quoted market prices in active markets, and are therefore, classified within Level 1.

The value of the Organization's US Treasury bills that trade in markets that are not considered to be active, but are valued based on quoted prices, dealer quotations, or alternative pricing sources by observable inputs are classified within Level 2.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

f - Property and Equipment

Property and equipment are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis. Leasehold improvements are being amortized over the shorter of the useful life of the improvement or the life of the lease.

g - Deferred Income

Concert series ticket revenue and composer fees are recognized in the period in which the performances take place.

h - Deferred Rent

The aggregate of the total minimum lease payments is amortized on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its lease is recorded as deferred rent in the statement of financial position.

i - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

k - Advertising costs

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2018 and 2017 was \$21,991 and \$13,398, respectively.

l - Tax Status

Young Concert Artists, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

m - Subsequent Events

The Organization has evaluated subsequent events through October 8, 2018, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets

a - Board Designated Reserve

The Organization maintains a reserve fund for certain programs and activities.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets represent grants and contributions as well as accumulated investment earnings, restricted to future programs and periods in accordance with donor designations. The Organization's temporarily restricted net assets are summarized as follows:

	<u>2018</u>	<u>2017</u>
Accumulated endowment investment earnings	\$2,720,988	\$2,394,107
Grants and contributions	<u>64,200</u>	<u>210,836</u>
	<u>\$2,785,188</u>	<u>\$2,604,943</u>

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2 - Restrictions on Assets (continued)

c - Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions received from donors stipulating that the principal be retained in perpetuity, and except as otherwise provided under the terms specified by the donor, specifying that investment earnings be used for specific programs and the operations of the Organization.

Note 3 - Unconditional Promises to Give

Unconditional promises to give at June 30 are due in less than one year and are summarized by net asset classification as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due in less than one year, 2018	<u>\$ 73,136</u>	<u>\$20,250</u>	<u>\$ 93,386</u>
Due in less than one year, 2017	<u>\$100,084</u>	<u>\$50,000</u>	<u>\$150,084</u>

Note 4 - Investments

Investments at June 30 consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money market funds and cash held for investment	\$ 114,345	\$ 114,345	\$ 49,604	\$ 49,604
Fixed income - corporate bonds	3,298,289	3,358,162	3,163,266	3,154,413
Common stock	6,026,351	4,280,626	6,077,932	4,804,014
Mutual funds	96,079	100,000	-	-
	<u>\$9,535,064</u>	<u>\$7,853,133</u>	<u>\$9,290,802</u>	<u>\$8,008,031</u>

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4 - Investments (continued)

Net investment income is summarized as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$166,800	\$ 203,612
Net realized gain on investments	319,201	1,521,428
Net unrealized gain (loss) on investments	<u>399,160</u>	<u>(939,172)</u>
	885,161	785,868
Investment management fees	<u>(76,280)</u>	<u>(77,499)</u>
Net Investment Income	<u>\$808,881</u>	<u>\$ 708,369</u>

The following summarizes the Organization's investments by the levels within the fair value hierarchy used to measure their values at June 30, 2018 and 2017:

	<u>2018</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash held for investment	\$ 114,345	\$ 114,345	\$ -	\$ -
Fixed income - corporate bonds	3,298,289	3,298,289	-	-
Common stock	6,026,351	6,026,351	-	-
Mutual funds	<u>96,079</u>	<u>96,079</u>	<u>-</u>	<u>-</u>
	<u>\$9,535,064</u>	<u>\$9,535,064</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2017</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash held for investment	\$ 49,604	\$ 49,604	\$ -	\$ -
Fixed income - corporate bonds	3,163,266	3,163,266	-	-
Common stock	<u>6,077,932</u>	<u>6,077,932</u>	<u>-</u>	<u>-</u>
	<u>\$9,290,802</u>	<u>\$9,290,802</u>	<u>\$ -</u>	<u>\$ -</u>

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5 - Endowment Funds

The Organization's endowment consists of numerous donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any 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 accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

The Organization's endowment funds are donor-restricted and are summarized by net asset classification at June 30, 2018 and 2017 as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds, 2018	\$ -	\$2,720,988	\$6,361,702	\$9,082,690
Donor-restricted endowment funds, 2017	\$ -	\$2,394,107	\$6,355,970	\$8,750,077

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended June 30, 2018 and 2017 are summarized as follows:

	2018			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning year	\$ -	\$2,394,107	\$6,355,970	\$8,750,077
Net investment gain	-	764,384	-	764,384
Contributions received	-	-	5,732	5,732
Appropriation of endowment assets for expenditure	-	(437,503)	-	(437,503)
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$2,720,988</u>	<u>\$6,361,702</u>	<u>\$9,082,690</u>

	2017			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment funds, beginning year	\$ -	\$2,182,288	\$6,333,092	\$8,515,380
Net investment loss	-	637,588	-	637,588
Contributions received	-	-	22,878	22,878
Appropriation of endowment assets for expenditure	-	(425,769)	-	(425,769)
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$2,394,107</u>	<u>\$6,355,970</u>	<u>\$8,750,077</u>

The long-term objective of the Organization is to preserve, at least, the real (i.e. inflation-adjusted) purchasing power of the endowment, measured on a real total return basis, while making withdrawals from the endowment to support the budget of the Organization. The investment goal will be to earn an average annual real total return of at least 5% per year, net of management fees. The investment policies will be based on the assumption that withdrawals from the endowment to support the Organization's annual spending will, over the long term, average approximately 5% of the endowment's market value.

For purposes of investment, the endowment shall be diversified both by asset class (e.g., common stocks, bonds, cash) and within asset classes (e.g., within common stocks by economic sector, industry, quality, and market capitalization) to provide reasonable assurance that no single security or type of security will have a disproportionate impact on the market value of the endowment.

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 6 - Property and Equipment

Property and equipment at June 30 consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Leasehold improvements	Life of lease	\$ -	\$172,541
Furniture and fixtures	7 years	4,465	81,543
Office equipment	5 years	<u>21,107</u>	<u>102,049</u>
		25,572	356,133
Less: Accumulated depreciation		<u>(4,620)</u>	<u>(356,133)</u>
		<u>\$20,952</u>	<u>\$ -</u>

Depreciation and amortization expense for each of the years ended June 30, 2018 and 2017 was \$4,620 and \$39, respectively.

During the year ended June 30, 2018, the Organization wrote off approximately \$356,000 of fully-depreciated property and equipment related to the Organization's move to new office space (see Note 7a).

Note 7 - Commitment and Contingency

a - The Organization entered into a lease for new office space during 2017 which expires December 31, 2027. The lease provides for fixed rent payments with annual increases and charges for real estate taxes and utilities.

Approximate future minimum lease payments for the remaining life of the lease are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 237,507
2020	242,431
2021	268,175
2022	273,298
2023	285,694
Thereafter, through December 31, 2027	1,387,605

Rent expense, including rent escalation charges, for the years ended June 30, 2018 and 2017 was \$271,025 and \$181,123, respectively.

b - Government supported projects are subject to audit by the granting agency.

YOUNG CONCERT ARTISTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 8 - Pension Plan

The Organization has a defined contribution pension plan that covers substantially all of its employees. Contributions to the plan are based on a percentage of salaries, as determined by the Board of Directors. The Organization contributed \$76,202 and \$71,010, respectively, to the plan for the years ended June 30, 2018 and 2017.

Note 9 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 10 - Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in financial institutions. At times, cash balances may be in excess of the amounts insured by the Federal Deposit Insurance Corporation.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Young Concert Artists, Inc.

We have audited financial statements of Young Concert Artists, Inc. as of and for the years ended June 30, 2018 and 2017, and our report thereon dated October 8, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2018 with comparative totals for 2017 is presented for the 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 audits 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.

Lutz + Carr, LLP

New York, New York
October 8, 2018

YOUNG CONCERT ARTISTS, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services					Supporting Services		2018	2017	
	New York Concert Series	Washington DC Concert Series	Auditions	Pyeong Chang Festival	Artist Management	Total	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$158,462	\$ 98,151	\$ 78,980	\$ -	\$ 532,219	\$ 867,812	\$ 147,954	\$ 189,560	\$1,205,326	\$1,163,879
Employee benefits and payroll taxes	44,827	27,766	22,344	-	150,396	245,333	36,550	53,627	335,510	312,348
Orchestra	-	-	-	-	-	-	-	-	-	71,741
Hall rental, front office and crew	29,886	41,052	27,371	62,237	18	160,564	-	-	160,564	177,973
Awards	-	-	-	-	2,225	2,225	-	-	2,225	6,775
Occupancy	36,153	22,394	18,020	-	121,289	197,856	29,480	43,249	270,585	191,028
Insurance	2,101	1,301	1,047	-	7,047	11,496	1,713	2,513	15,722	12,635
Equipment and maintenance	1,761	1,091	878	-	5,910	9,640	1,436	2,107	13,183	16,344
Computer services	-	-	-	-	3,128	3,128	1,455	-	4,583	4,317
Professional fees	-	-	-	-	1,749	1,749	31,666	-	33,415	38,280
Printing	26,672	19,798	1,232	31,914	7,552	87,168	1,290	22,818	111,276	76,035
Postage and mailing	9,737	7,958	903	9,293	3,809	31,700	1,737	14,708	48,145	46,954
Promotion and advertising	-	2,477	273	12,117	7,124	21,991	-	-	21,991	13,398
Office supplies	301	4	372	-	1,386	2,063	27,185	4,640	33,888	13,798
Fees and expenses	-	-	-	-	29,719	29,719	-	-	29,719	35,393
Educational residencies	-	-	-	-	27,526	27,526	-	-	27,526	29,407
Composer-in-residence	-	-	-	-	6,441	6,441	-	-	6,441	5,730
Orchestra partners project	-	-	-	-	20,000	20,000	-	-	20,000	23,000
Production costs	11,713	9,751	190	57,837	13,250	92,741	11,016	3,380	107,137	40,009
Travel, meals and lodging	4,394	10,261	62,517	28,693	7,723	113,588	3,506	19,345	136,439	61,326
Indirect benefit expense	-	492	-	-	-	492	2,113	-	2,605	-
Telephone and internet	-	2,586	140	-	3,525	6,251	7,397	-	13,648	14,336
Miscellaneous	849	597	5,719	13,150	1,205	21,520	5,328	1,669	28,517	2,778
Depreciation and amortization	-	-	-	-	-	-	4,620	-	4,620	39
Total expenses before fees and expenses paid to artists	326,856	245,679	219,986	215,241	953,241	1,961,003	314,446	357,616	2,633,065	2,357,523
Fees and expenses paid to artists	-	-	-	-	681,123	681,123	-	-	681,123	730,272
Total Expenses, 2018	<u>\$326,856</u>	<u>\$ 245,679</u>	<u>\$219,986</u>	<u>\$215,241</u>	<u>\$ 1,634,364</u>	<u>\$2,642,126</u>	<u>\$ 314,446</u>	<u>\$ 357,616</u>	<u>\$3,314,188</u>	
Total Expenses, 2017	<u>\$429,531</u>	<u>\$ 228,910</u>	<u>\$125,740</u>	<u>\$ -</u>	<u>\$ 1,653,208</u>	<u>\$2,437,389</u>	<u>\$ 209,821</u>	<u>\$ 440,585</u>		<u>\$3,087,795</u>

See independent auditors' report on supplementary information.