

# **Studio in a School Association, Inc.**

## **Consolidated Financial Statements and Supplemental Schedules Year Ended June 30, 2022**

**Studio in a School Association, Inc.**

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Consolidated Financial Statements and Supplemental Schedules  
Year Ended June 30, 2022

# Studio in a School Association, Inc.

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## **Independent Auditor's Report**

The Board of Directors  
Studio in a School Association, Inc.  
New York, New York

### ***Opinion***

We have audited the consolidated financial statements of the Studio in a School Association, Inc. (Studio), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Studio as of June 30, 2022, and the related consolidated statements of activities, functional expenses, 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 Consolidated Financial Statements section of our report. We are required to be independent of Studio 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Studio'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Studio'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.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position on page 28, the consolidating schedule of activities on page 29, and the schedules of expenses by function for both wholly owned affiliates on pages 30 and 31 are presented for the purpose of additional analysis and are not required parts of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and to other additional procedures, in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

#### **Report on Summarized Comparative Information**

We have previously audited Studio's 2021 consolidated financial statements and our report, dated November 15, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*BDO USA, LLP*

May 1, 2023

**Studio in a School Association, Inc.**  
**Consolidated Statement of Financial Position**  
**(with comparative totals for 2021)**

<i>June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 1,897,357	\$ 3,421,847
Short-term investments (Note 5)	366,429	1,371,798
Investments, at fair value (Note 5)	16,245,441	19,988,467
Accounts receivable, net (Note 3)	1,594,694	232,643
Contributions receivable, net, current portion (Notes 3 and 4)	1,587,595	597,035
Other assets	314,588	54,663
<b>Total Current Assets</b>	<b>22,006,104</b>	<b>25,666,453</b>
<b>Contributions Receivable, Net</b> , less current portion (Notes 3 and 4)	<b>220,064</b>	<b>374,247</b>
<b>Assets Limited as to Use</b> (Notes 5 and 7)	<b>351,850</b>	<b>332,848</b>
<b>Fixed Assets, Net</b> (Note 6)	<b>334,679</b>	<b>118,323</b>
<b>Total Assets</b>	<b>\$ 22,912,697</b>	<b>\$ 26,491,871</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 96,457	\$ 113,960
Accrued payroll and related expenses	369,569	303,656
Loans payable (Note 15)	88,664	1,310,458
Deferred revenue	8,525	-
<b>Total Current Liabilities</b>	<b>563,215</b>	<b>1,728,074</b>
<b>Deferred Compensation</b> (Note 7)	<b>351,850</b>	<b>325,350</b>
<b>Total Liabilities</b>	<b>915,065</b>	<b>2,053,424</b>
<b>Commitments and Contingencies</b> (Notes 3, 4, 5, 7, 8, 9, 11 and 13)		
<b>Net Assets</b> (Notes 9 and 10)		
Without donor restrictions	11,865,781	14,286,446
With donor restrictions	10,131,851	10,152,001
<b>Total Net Assets</b>	<b>21,997,632</b>	<b>24,438,447</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 22,912,697</b>	<b>\$ 26,491,871</b>

*See accompanying notes to consolidated financial statements.*

# Studio in a School Association, Inc.

## Consolidated Statement of Activities (with comparative totals for 2021)

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operating revenue:		
Contributions:		
Foundations and trusts	\$ 1,407,021	\$ 1,998,283
Individuals	801,328	557,480
Corporations	48,774	102,093
Government and other contracts and grants	2,759,630	958,400
Fees for services	302,095	196,617
Other revenue	20,700	179,278
Operating transfer of Gala proceeds	(120,000)	-
Net investment return reported in operations	910,000	550,000
Net assets released from restriction (Note 9)	1,291,958	1,182,926
<b>Total Operating Revenue</b>	<b>7,421,506</b>	<b>5,725,077</b>
Operating expenses:		
Program services:		
Studio in a School NYC program services:		
Long-term program	1,472,209	1,238,448
Residency	2,223,220	1,465,206
Early childhood program	605,906	473,715
Artist and professional development program	149,684	153,029
Exhibitions	213,294	204,515
Studio Institute program services:		
Teen programs	763,442	719,985
College programs	357,500	479,805
Program services in other cities	457,183	308,400
Development projects and professional training	41,423	57,609
<b>Total Program Services</b>	<b>6,283,861</b>	<b>5,100,712</b>
Supporting services:		
Management and general	1,784,578	1,394,775
Fundraising	338,628	370,228
<b>Total Operating Expenses</b>	<b>8,407,067</b>	<b>6,865,715</b>
<b>Change in Net Assets Without Donor Restrictions, before non-operating income (expenses)</b>	<b>(985,561)</b>	<b>(1,140,638)</b>
Non-operating income (expenses):		
Net investment income (loss)	(2,043,449)	3,057,700
Net investment return reported in operations	(613,450)	(370,900)
Forgiveness of debt (Note 15)	1,221,795	804,923
<b>Total Non-Operating Income (Expense)</b>	<b>(1,435,104)</b>	<b>3,491,723</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(2,420,665)</b>	<b>2,351,085</b>



# Studio in a School Association, Inc.

## Consolidated Statement of Activities (with comparative totals for 2021)

<i>Year ended June 30,</i>	2022	2021
<b>Changes in Net Assets with Donor Restrictions</b> (Notes 9 and 10)		
Contributions:		
Foundations and trusts	\$ 2,402,817	\$ 1,314,600
Individuals	124,813	819
Corporations	154,900	-
Government and other contracts and grants	-	40,000
Net assets released from restriction (Note 9)	(1,291,958)	(1,182,926)
Operating transfer of Gala proceeds	120,000	-
Net investment income (loss)	(1,234,172)	1,613,567
Investment return released into operations (Note 9)	(296,550)	(179,100)
<b>Change in Net Assets with Donor Restrictions</b> (Notes 9 and 10)	<b>(20,150)</b>	<b>1,606,960</b>
<b>Change in Net Assets</b>	<b>(2,440,815)</b>	<b>3,958,045</b>
<b>Net Assets, beginning of year</b>	<b>24,438,447</b>	<b>20,480,402</b>
<b>Net Assets, end of year</b>	<b>\$ 21,997,632</b>	<b>\$ 24,438,447</b>

*See accompanying notes to consolidated financial statements.*

**Studio in a School Association, Inc.**  
**Consolidated Statement of Functional Expenses**  
**(with comparative totals for 2021)**

Year ended June 30,

	Program Services									Supporting Services		Total		
	Long-Term Program	Residency	Early Childhood Program	Artist and Professional Development Program	Exhibitions	Teen Programs	College Programs	Program Services in Other Cities	Development Projects and Professional Training	Total Program Services	Management and General	Fundraising	2022	2021
<b>Salaries and Related Expenses</b>														
Salaries and wages	\$ 1,148,685	\$ 1,556,813	\$ 479,834	\$ 102,573	\$ 105,747	\$ 502,747	\$ 97,114	\$ 353,686	\$ 35,251	\$ 4,382,450	\$ 802,044	\$ 227,199	\$ 5,411,693	\$ 4,446,970
Employee benefits and payroll taxes	207,390	295,534	88,839	19,719	19,893	65,555	13,097	47,399	4,712	762,138	136,295	42,102	940,535	822,459
<b>Total Salaries and Related Expenses</b>	<b>1,356,075</b>	<b>1,852,347</b>	<b>568,673</b>	<b>122,292</b>	<b>125,640</b>	<b>568,302</b>	<b>110,211</b>	<b>401,085</b>	<b>39,963</b>	<b>5,144,588</b>	<b>938,339</b>	<b>269,301</b>	<b>6,352,228</b>	<b>5,269,429</b>
<b>Other Expenses</b>														
Consultants	8,250	145,259	-	23,200	38,688	26,685	36,886	15,741	-	294,709	286,458	23,509	604,676	546,226
Regranting	-	-	-	-	-	106,950	172,026	200	-	279,176	-	-	279,176	312,760
Program supplies	98,288	206,484	36,632	297	19,378	4,810	620	14,413	-	380,922	1,840	-	382,762	213,465
Grants to subrecipients	-	-	-	-	1,500	-	28,600	-	-	30,100	259	-	30,359	88,471
Stipendiary	-	-	-	-	-	17,280	550	1,170	-	19,000	-	-	19,000	2,300
Printing	1,136	2,811	86	5	14,001	589	260	2,722	-	21,610	43,605	11,354	76,569	43,606
Equipment rental and purchases	409	186	-	-	109	3,538	-	600	-	4,842	38,195	-	43,037	37,318
Accounting fees	-	-	-	-	-	-	-	-	-	-	104,047	-	104,047	69,636
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	41,725	-	41,725	8,341
Training, conferences, and meetings	-	115	-	-	-	-	-	930	-	1,045	174	-	1,219	8,988
Marketing and promotion	-	-	-	-	-	4,180	5,890	512	-	10,582	4,585	-	15,167	19,477
Occupancy	-	-	-	-	4,150	2,700	1,239	2,977	-	11,066	42,141	-	53,207	37,805
Travel and meals	7,900	8,859	515	220	1,264	15,374	160	15,369	-	49,661	13,271	436	63,368	20,427
Utilities	-	-	-	-	-	-	-	-	-	-	32,564	3,623	36,187	25,477
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	108,520	-	108,520	9,843
Telephone	-	-	-	-	-	460	215	567	1,234	2,476	22,819	-	25,295	17,841
Insurance	-	-	-	-	-	-	-	-	-	-	29,395	-	29,395	27,563
Dues, subscriptions, and memberships	-	22	-	470	6,864	9,912	843	508	226	18,845	36,795	26,907	82,547	48,299
Miscellaneous	-	417	-	3,200	1,700	2,662	-	389	-	8,368	37,268	3,498	49,134	29,880
Bad debts	151	6,720	-	-	-	-	-	-	-	6,871	2,578	-	9,449	28,563
<b>Total Operating Expenses</b>	<b>\$ 1,472,209</b>	<b>\$ 2,223,220</b>	<b>\$ 605,906</b>	<b>\$ 149,684</b>	<b>\$ 213,294</b>	<b>\$ 763,442</b>	<b>\$ 357,500</b>	<b>\$ 457,183</b>	<b>\$ 41,423</b>	<b>\$ 6,283,861</b>	<b>\$ 1,784,578</b>	<b>\$ 338,628</b>	<b>\$ 8,407,067</b>	<b>\$ 6,865,715</b>

See accompanying notes to consolidated financial statements.

## Studio in a School Association, Inc.

### Consolidated Statement of Cash Flows (with comparative totals for 2021)

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (2,440,815)	\$ 3,958,045
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	108,520	9,843
Donated securities	(309,352)	(72,254)
Net realized and unrealized loss (gains) on investments	3,382,181	(4,606,672)
Bad debts	9,449	28,563
Forgiveness of debt - Paycheck Protection Program	(1,221,795)	(804,923)
Conversion of debt to contributions from a Board member	-	(147,512)
Change in discount on contributions receivable	(13,817)	(14,292)
Pledge receivable written off	31,784	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(1,393,835)	93,842
Contributions receivable	(832,009)	1,351,216
Other assets	(259,925)	(20,890)
Increase (decrease) in:		
Accounts payable and accrued expenses	(17,503)	54,967
Accrued payroll and related expenses	73,411	77,108
Deferred revenue	8,525	-
Deferred compensation	19,002	(537,897)
<b>Net Cash Used in Operating Activities</b>	<b>(2,856,179)</b>	<b>(630,856)</b>
<b>Cash Flows from Investing Activities</b>		
Assets limited as to use	(19,002)	576,935
Purchase of fixed assets	(324,876)	-
Purchase of investments	(114,237)	(1,368,862)
Proceeds from sale of investments	1,789,804	1,669,659
<b>Net Cash Provided by Investing Activities</b>	<b>1,331,689</b>	<b>877,732</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loans payable - Paycheck Protection Program	-	984,385
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>984,385</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,524,490)</b>	<b>1,231,261</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>3,421,847</b>	<b>2,190,586</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,897,357</b>	<b>\$ 3,421,847</b>

*See accompanying notes to consolidated financial statements.*

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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### 1. Nature of the Organization

Studio in a School Association, Inc. is a nonprofit organization whose mission is to foster the creative and intellectual development of youth through quality visual arts programs directed by arts professionals. It collaborates with and develops the ability of those who provide or support arts programming and creative development for youth both in and outside of schools. Studio in a School Association, Inc. fulfills this mission through two Limited Liability Companies (LLCs), which were formed in August 2016, that are wholly owned subsidiaries of Studio in a School Association, Inc. Studio in a School NYC, LLC, which offers programs for students in Pre-K through high school, and Studio Institute, LLC, which shares professional learning, partnership programs, arts internships, and research grants in local and national forums. Studio in a School Association, Inc.; Studio in a School NYC, LLC; and Studio Institute, LLC are hereafter collectively referred to as “Studio”.

Programs are split between the two LLCs, as follows:

Studio in a School NYC	Studio Institute
<ul style="list-style-type: none"><li>• Long-Term Partnership program</li><li>• Early Childhood program</li><li>• Pre-K/Kindergarten Residency</li><li>• Pre-Kindergarten/Alumni Mentoring Residency</li><li>• Residency program:<ul style="list-style-type: none"><li>○ 14-week and six-week</li><li>○ After-School programs</li><li>○ Arts Partnership programs</li><li>○ Multi-Language Learners program</li></ul></li><li>• Art and Activism program</li><li>• Artist and Art Teacher Professional Development</li></ul>	<ul style="list-style-type: none"><li>• Curriculum development/documentation</li><li>• Dissemination of Studio methods and programs</li><li>• Teen: portfolio classes, college prep, apprenticeships, internships, and college scholarships</li><li>• College: summer internships (Arts Intern and Arts Mentors)</li><li>• Large-Scale Professional Development programs</li><li>• Citywide and National Professional Development</li></ul>

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#### ***Studio in a School NYC, LLC Programming***

For over 45 years, Studio’s programs in New York City have placed professional artists in public school classrooms. Studio introduces visual arts to young learners from high-need communities and continues to nurture their talents as they grow. Students explore a full range of media, including drawing, painting, sculpture, collage, printmaking, and 2D and 3D design. Studio creates sustainable art programs that have a lasting impact in participating communities. Most of these core programs are now conducted under the management of Studio in a School NYC, LLC.

In fiscal year 2022, Studio in a School NYC, LLC served approximately 21,060 students and 1,711 teachers in 171 program sites and Early Childhood Centers with the following programs:

#### ***Long-Term***

Studio’s original program establishes a dedicated art studio in Title 1 elementary schools. It places professional artists in participating schools for at least five years, creating a place for sequential visual arts instruction within the school’s curriculum and culture.

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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### *Early Childhood*

This program is a discovery-based visual arts program providing 3K, Pre-K, and kindergarten students with hands-on visual art instruction and offering their teachers intensive training in teaching visual arts to three, four, and five-year-old students. In fiscal year 2022, Studio piloted a 2K program.

### *Residency*

This program offers visual arts residences of varied lengths, tailor-made for each school and community-based organization. Sites select this flexible Pre-K through 12<sup>th</sup> grade program to serve the needs of specific student populations, such as multilingual learners or students with disabilities.

### *Exhibitions*

Every Studio program culminates in a special site-based exhibition, and many sites participate in Studio's exhibition collaborations with cultural institutions throughout New York City, such as Montefiore Hospital Art Gallery Program and Christie's NYC. Artwork is also exhibited at Studio's gallery: 1 East 53<sup>rd</sup> Street.

### *Artist and Professional Development*

Through group trainings and artist mentoring, Studio creates and maintains a community of artists who teach to the highest standards. Studio also provides a variety of professional development opportunities to New York City public school teachers and early childhood educators.

### *Studio Institute, LLC Programming*

Studio Institute, LLC shares tested innovations, visual arts curricula, classroom program models, professional development models, arts internships, research grants, and assessment methods with arts and educational communities nationwide. Despite pandemic-related challenges, in fiscal year 2022, Studio Institute programs provided in-depth services to more than 200 high school and college students in 6 cities and launched new school and community initiatives in Newark and Cleveland, serving and supporting children, families, and educators.

### *Teen Programs*

Teen apprenticeships and summer internship programs enable high school students to learn about careers in the arts, while gaining important academic and workplace skills. Young adults often face great challenges as they transition from school to the workplace. To address this, Studio provides programming to introduce NYC teens to the variety of arts careers possible and mentor them in their first jobs at museums, cultural institutions, and summer camps across the city. Select interns were invited to continue paid internships during the schoolyear in a part-time capacity. During the pandemic, Studio Institute, LLC has been able to provide technology to teens and transfer these programs into virtual and hybrid formats, offering online mentoring, training, and paid internships.

Studio intensives are advanced visual arts workshops in Studio's offered for free on Saturdays to assist high school students in realizing their professional and personal goals and pursuit of advanced art study. These services were realized through online courses and small group portfolio reviews.

In FY22 more than 150 high school students participated in the Institute's internships and classes.

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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### *College Programs*

Through the Arts Intern program, college students with demonstrated financial need learn about careers in the arts. Paid summer internships in cultural institutions are complemented with regular visits to participating institutions and offer behind-the-scenes looks at museum operations, presentations by senior staff and curators, and panels featuring young museum professionals. The Arts Intern program was developed in New York City and expanded to Philadelphia in 2016 and to Cleveland, Boston, and Providence in 2017, Memphis in 2019, and Baltimore and Chicago in winter 2021. In response to the COVID-19 pandemic, the Arts Intern program continued virtual and hybrid internships. Based on the success of the pilot schoolyear internship, the program was continued in FY22. 53 college students were served through the combined programs.

### *Professional Learning and Development Projects*

Studio Institute, LLC works with local school and community organizations to develop site-based programs to meet local needs. In fiscal year 2022, Studio launched a special curriculum in art-making for two-year-olds as part of the long-standing partnership with Early and Head Start sites in Newark. Studio also expanded into residency partnerships with new sites in Essex County, New Jersey and Greenwich, Connecticut. Studio Institute, LLC continued a multi-year partnership with Cleveland Metropolitan Schools District; this work involved training of local artists in providing quality visual arts classes. More than 1200 students and 130 teachers at 14 schools and community organizations in 4 cities were served by Studio Institute programs in FY22.

## **2. Principles of Consolidation**

The consolidated financial statements include the accounts of Studio in a School Association, Inc.; Studio in a School NYC, LLC; and Studio Institute, LLC. Studio in a School NYC, LLC and Studio Institute, LLC are wholly owned subsidiaries of Studio in a School Association, Inc. In consolidation, all significant interfund balances have been eliminated.

## **3. Summary of Significant Accounting Policies**

### *Basis of Presentation*

The consolidated financial statements of Studio have been prepared on the accrual basis. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

### *Consolidated Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

These classes are defined as follows:

*With Donor Restrictions* - This class consists of net assets resulting from contributions and other inflows of assets whose use by Studio is limited by donor-imposed stipulations that either expire by

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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passage of time or can be fulfilled and removed by actions of Studio, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. Net assets resulting from contributions and other inflows of assets whose use by Studio is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Studio are classified as net assets with donor restrictions - perpetual in nature.

*Without Donor Restrictions* - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

### ***Cash and Cash Equivalents***

Studio considers all liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

### ***Fair Value Measurements***

U.S. generally accepted accounting principles (U.S. GAAP) establish a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Studio would use in pricing Studio's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Studio are traded. Studio estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

*Level 1* - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

*Level 2* - Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

### ***Investments at Fair Value***

Investments consist of both publicly traded and privately held mutual funds and investments in private-equity funds. Publicly traded mutual funds are stated at fair value based upon quoted

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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market prices, which represent the net asset values (NAV) held by Studio at year-end. The privately held mutual fund is stated at its unit value, as provided by its investment manager. Detailed information surrounding the underlying investments of the fund is provided by the investment manager and the fund can be liquidated daily.

Studio's investments in private-equity funds have no readily determined market value and are valued at fair value, as estimated by the general partners. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with their concentrations of investments in one geographic region and in certain industries. The private-equity funds' ability to liquidate certain of its investments may be inhibited since the issues may be privately held or the private-equity funds may own a relatively large portion of the issuer's equity securities.

### ***Net Investment Income***

Investment income is recognized when earned and consists of interest, dividends, and both realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade basis. Net investment income is net of direct external expenses. Studio had no internal investment expenses for the year ended June 30, 2022.

### ***Contributions and Promises to Give***

Contributions and promises to give are recorded as revenue when either unsolicited cash is received or when the donor makes an unconditional promise to give. Contributions and promises to give are classified as either with or without donor-restricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realized value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future value of cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. Securities and tangible property received as a gift or bequest are reflected at fair value at the date of the gift.

### ***Fixed Assets***

Fixed assets are carried at cost, less accumulated depreciation, or, if donated artwork, the appraised value at the time of donation. No depreciation is taken on donated artwork. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of assets. Depreciation is computed using the straight-line method over the estimated useful lives, as follows:

	Years
Computer equipment	5
Furniture and fixtures	5
Leasehold improvements	5-10

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# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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### *Impairment of Long-Lived Assets*

U.S. GAAP requires Studio to review long-lived assets, including equipment and artwork, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended June 30, 2022, there have been no such losses.

### *Revenue Recognition*

On July 1, 2020, Studio adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers (ASC 606)*, using the modified retrospective method applied to those contracts that were not completed as of July 1, 2020. The adoption of ASC 606 did not have a material impact on Studio's consolidated financial statements; therefore, no transition adjustment is required upon adoption.

### *Government Grants and Contracts Revenue*

Studio receives reimbursement under contracts with various federal, state, and local government agencies. The majority of the contracts are expense-reimbursement contracts in which Studio is reimbursed for the allowable expenses incurred under the contract in the operation of the applicable programs. Certain income from government agencies is recognized when expenses are incurred under approved contracts. These contracts are primarily budget-based and revenue is determined by allowable expenditures in contract periods. Costs are subject to audit by third-party payors and changes, if any, are recognized in the year known.

Some of the contracts are classified as fee-for-service or performance-based contracts, in which Studio is reimbursed based on units of service (i.e., number of enrolled classrooms). Revenue is recognized under fee-for-service grants when the services are provided.

### *Fee-for-Service Revenue*

Studio also provides fee-for-service work. Fee-for-service is recorded at the amount that reflects the consideration to which Studio expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, Studio submits fee-for-service invoices to third-party payors after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. Studio measures revenue from the commencement of services to the continuation of services, and until services are no longer required. Studio believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, Studio has elected, as part of its adoption of the new revenue standard, to apply the optional exemption provided in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and, therefore, is not required to disclose the

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

In accordance with ASC 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. Studio does not recognize contract assets as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received.

Revenue with customers is comprised of the following:

*June 30, 2022*

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Government and other contracts and grants	\$	2,759,630
Fee for service		302,095
Other revenue		20,700
<b>Total Revenue Subject to ASC 606</b>		<b>3,082,425</b>
<b>Total Revenue Not Subject to ASC 606</b>		<b>2,883,827</b>
<b>Total Revenue and Other Support</b>		<b>\$ 5,966,252</b>

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Receivables and contract balances from contracts with customers are as follows:

*June 30, 2022*

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	Receivables	Contract Assets	Contract Liabilities
Beginning of year	\$ 232,643	\$ -	\$ -
End of year	1,594,694	-	-

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### *Allowance for Doubtful Accounts*

Accounts and grants receivable are reported at their outstanding unpaid principal balances and may be reduced by an allowance for doubtful accounts. Studio provides an allowance for doubtful accounts for accounts receivable after the initial recording of revenue under Topic 606 that are specifically identified by management as to their uncertainty in regard to collectability. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. During the fiscal year ended June 30, 2022, doubtful accounts totaling \$31,784 were written off.

### *Income Taxes*

Studio was incorporated in the state of New York and is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying consolidated statement of financial position. In addition, Studio has not taken an unsubstantiated tax position that would require provision of a liability under U.S. GAAP. Under U.S. GAAP, an organization must recognize the tax

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. Studio does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. Studio has filed Internal Revenue Service (IRS) Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the year ended June 30, 2022, there was no income that was subject to unrelated business income tax, and there were no interest or penalties recorded or included in the consolidated financial statements.

Studio in a School NYC, LLC and Studio Institute, LLC are single-member LLCs in which Studio in a School Association, Inc. is the single member. These LLCs are considered to be disregarded entities and are not recognized for tax purposes as entities separate from Studio. As such, their income and expenses are reported as part of Studio's annual filings.

### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized by functional basis in the consolidated statement of activities. Accordingly, certain administrative costs have been allocated among the programs and supporting services based on benefits received. See additional information in Note 12 regarding allocations.

### ***Comparative Financial Information***

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by entity. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification in total, rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Studio's consolidated financial statements for the year ended June 30, 2021, from which summarized information was derived.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Concentration of Credit Risk***

The financial instruments that potentially subject Studio to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions that, from time-to-time, exceed the Federal Deposit Insurance Corporation limit. Studio has not experienced any losses in such accounts, and management does not believe Studio is exposed to any significant credit risk on cash and cash equivalents.

**Studio in a School Association, Inc.**  
**Notes to Consolidated Financial Statements**

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**Recently Adopted Accounting Pronouncements**

*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The Organization adopted this ASU as of July 1, 2021. The adoption did not have a material impact on the consolidated financial statements.

**Accounting Pronouncements Issued but Not Yet Adopted**

*Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the adoption of the new standard on the consolidated financial statements.

**4. Contributions Receivable, Net**

At June 30, 2022, the net present value of contributions receivable was \$1,807,659. Net present value for contributions received during the year ended June 30, 2022 was calculated using a discounted rate equal to a ten-year U.S. Treasury bond rate. The discount rate used in the calculation was 2%.

Net present value of contributions receivable is summarized below:

*June 30, 2022*

Total contributions receivable	\$	1,819,595
Discount on contributions receivable		(11,936)
<b>Net Present Value of Contributions Receivable</b>	<b>\$</b>	<b>1,807,659</b>
Amounts due in:		
One year	\$	1,587,595
Two years or more		232,000
	<b>\$</b>	<b>1,819,595</b>

**Studio in a School Association, Inc.**  
**Notes to Consolidated Financial Statements**

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**5. Financial Instruments and Fair Value**

Studio's short-term investments are comprised of a money-market fund that is reported at cost, which approximates fair value. Management believes the most appropriate classification for these investments is Level 1.

The privately held mutual fund is stated at its unit value, as provided by the investment manager. Since these holdings may not trade on a daily basis, the investment manager prepares estimates of fair value measurements for these securities using relevant market information, benchmark curves, benchmarking of similar securities, sector grouping, and matrix pricing. These investments are classified as Level 2.

Private-equity funds are reported at fair value, as estimated by the general partners. These investments, which are valued at NAV, have not been classified in the fair value hierarchy in accordance with U.S. GAAP.

Assets, measured at fair value on a recurring basis, consist of the following:

*June 30, 2022*

	Fair Value Measurement at Reporting Date			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Short-term investments	\$ 366,429	\$ -	\$ -	\$ 366,429
Privately held mutual fund:				
Multi-asset fund	-	15,834,640	-	15,834,640
<b>Total Investments</b> , in the fair value hierarchy	<b>\$ 366,429</b>	<b>\$ 15,834,640</b>	<b>\$ -</b>	<b>16,201,069</b>
Private-equity funds at NAV*				410,801
<b>Total Investments</b>				<b>16,611,870</b>
Assets limited as to use:				
Guaranteed annuity				351,850
<b>Total Assets Limited as to Use</b>				<b>351,850</b>
<b>Total</b>				<b>\$ 16,963,720</b>

\* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The valuation methods described in Notes 3 and 5 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Studio believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial

**Studio in a School Association, Inc.**  
**Notes to Consolidated Financial Statements**

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instruments could result in a different fair value measurement at the reporting date. There were no transfers between levels during fiscal year 2022.

## **6. Fixed Assets, Net**

Fixed assets, net, consist of the following:

*June 30, 2022*

Computer equipment	\$	518,698
Furniture and fixtures		232,231
Leasehold improvements		671,596
Artwork		95,500
		<hr/> 1,518,025
Less: accumulated depreciation and amortization		<hr/> (1,183,346)
	\$	<hr/> 334,679

Depreciation expense for the year ended June 30, 2022 was \$108,520.

## **7. Deferred Compensation Arrangements**

Studio entered into a deferred compensation arrangement with a key executive in 2000. The arrangement grants the opportunity for the executive to purchase certain of Studio's investments at 25% of the fair market value of the investments at the inception of the arrangement. The arrangement is effective for a 20-year period from the date of inception, and at June 30, 2021, the arrangement was fully vested. Investments associated with the arrangement were fully drawn down at June 30, 2021.

Studio sponsors a non-qualified deferred compensation plan under which a select group of employees may make voluntary contributions that defer a portion of their compensation. Studio does not match such contributions. Studio holds the funds in a trust, which is recorded at its fair value as an asset and a corresponding liability. The value of the asset and liability as of June 30, 2022 amounted to \$351,850.

## **8. Employee Benefit Plan**

Studio maintains a defined contribution plan covering all eligible employees under Section 403(b) of the Code. Under the plan, Studio provides a 5% contribution on behalf of all eligible employees. For the year ended June 30, 2022, the amount charged to operations for employer contributions to the plan amounted to \$124,176.

**Studio in a School Association, Inc.**  
**Notes to Consolidated Financial Statements**

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**9. Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following:

*June 30, 2022*

Future periods	\$	388,064
Program services:		
Investment income to be appropriated by governing board		1,899,031
Studio in a School NYC		1,881,013
Studio Institute		2,588,180
Gala		340,613
Perpetual in nature:		
National Endowment for the Arts and matching contributions		450,000
LLWW Foundation		10,000
The Wallace Foundation		1,900,000
The Agnes Gund Endowment for Teen Visual Arts Development and Mentoring		674,950
<b>Total</b>	<b>\$</b>	<b>10,131,851</b>

Net assets released from restrictions due to fulfillment of their purpose or time restriction consisted of the following programs:

*June 30, 2022*

Program services:		
Studio in a School Association	\$	200,000
Studio in a School NYC		367,458
Studio Institute		724,500
<b>Total Program Services Released from Restriction</b>		<b>1,291,958</b>
Investment income appropriated by governing board		296,550
<b>Total Amount Released from Restriction</b>	<b>\$</b>	<b>1,588,508</b>

**10. Endowment Net Asset Classification**

Studio's endowment funds consist of investments that are Board-designated and donor-restricted. Studio follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA). A portion of donor-restricted assets includes funds that Studio must hold in perpetuity.

The following applies to the endowment funds:

***Interpretation of Relevant Law***

The spending of endowment funds by a not-for-profit corporation in the state of New York is currently governed by NYPMIFA. Studio has interpreted NYPMIFA as allowing the governing board of Studio to make available for expenditure as much of an endowment fund, including principal, as the governing board finds prudent, taking into consideration the uses, benefits, purposes, and duration for which the fund was established. The governing board must act in good faith and must consider various factors, if relevant, when making decisions, including Studio's investment policy, purposes

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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of Studio and the fund, and general economic conditions. As a result of the interpretation, Studio classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent donor fund, (b) the original value of subsequent gifts to the permanent donor fund, and (c) accumulations to the permanent donor fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income earned on the accumulations to the restricted donor funds is classified based on donor stipulations as either with or without donor-restricted net assets until the donor-imposed restrictions have been met.

### *Investment and Spending Policies*

Studio has adopted investment and spending policies for endowment funds that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the assets. The endowment funds are invested in vehicles, such as a privately held mutual fund and private-equity funds that are intended to produce moderate-to-high rates of return while assuming a moderate-to-low level of investment risk.

Studio may appropriate endowment investment returns for distribution each year up to 5% of the ending market value of the endowment fund over the previous three years and considers the following factors in making a determination to appropriate or accumulate donor-restricted and Board-designated endowment funds:

- The duration and preservation of the funds.
- Availability of other funding sources.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Purposes of donor-restricted fund.

The following table represents the endowment net asset composition by type of fund:

*June 30, 2022*

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total Endowments
With donor restrictions	\$ 4,901,391	\$ -	\$ 4,901,391
Without donor restrictions	-	8,236,781	8,236,781
<b>Total Endowment Funds</b>	<b>\$ 4,901,391</b>	<b>\$ 8,236,781</b>	<b>\$ 13,138,172</b>



# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

The following table represents the reconciliation of changes in endowment net assets:

*Year ended June 30, 2022*

	Donor-Restricted Endowment Funds	Board-Designated Endowment Funds	Total Endowments
<b>Endowment Net Assets</b> , beginning of year	\$ 6,291,271	\$ 9,837,635	\$ 16,128,906
Additional investments	-	331,637	331,637
Net investment income	(1,093,330)	(1,574,237)	(2,667,567)
Transfers	(197,700)	197,700	-
Amounts appropriate for expenditure	(98,850)	(555,954)	(654,804)
<b>Endowment Net Assets</b> , end of year	\$ 4,901,391	\$ 8,236,781	\$ 13,138,172

### 11. Liquidity and Availability of Resources

*June 30, 2022*

Cash and cash equivalents	\$ 1,897,357
Short-term investments	366,429
Investments, at fair value	16,245,441
Accounts receivable, net	1,594,694
Current portion of contributions receivable	1,587,595
<b>Total Financial Assets</b> , at year-end	21,691,516
Less: those unavailable for general expenditures, due to:	
Donor-imposed restrictions	10,131,851
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	\$ 11,559,665

As part of Studio's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Studio invests cash in excess of daily requirements in investments. Investments, further discussed in Note 5, include short-term money market funds, mutual funds, and private-equity funds. Only those donor-imposed restricted amounts that are expected to be spent within the next year are deducted from financial assets.

### 12. Methods Used for Allocation of Expenses

The cost of providing Studio's programs and other activities has been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based upon predetermined allocation rates, as determined by management. Management and general expenses include those costs that are not directly identifiable with any specific program, but that provide for the overall support and direction of Studio. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Studio generally does not conduct its fundraising activities in conjunction with its other activities.

# Studio in a School Association, Inc.

## Notes to Consolidated Financial Statements

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Certain categories of expenses are attributable to one or more programmatic or supporting functions of Studio. Those expenses include depreciation and amortization, the administrative and executive offices, telephone expenses, personnel costs and general third-party processing expenses, and the information technology department. These expenses are attributable to more than one function and are allocated to Studio’s programmatic functions for financial reporting purposes using square footage or head count allocation methodologies.

### 13. Commitments and Contingencies

Studio is obligated under noncancelable operating leases for its administrative offices, program services facilities, and storage space expiring at various dates through January 2024. Total rent expense for the year ended June 30, 2022 amounted to \$53,207. At June 30, 2022, the aggregate minimum annual rental commitments under these leases are as follows:

*Year ending June 30,*

2023	\$	14,832
2024		9,763
<b>Total</b>	<b>\$</b>	<b>24,595</b>

### 14. Related Party Transactions

Studio periodically receives donations from members of its Board of Directors, which Studio considers related party transactions. For its fiscal year ended June 30, 2022, Studio received a total of \$1,014,774 in donations from its Board members.

Please refer to Note 15 for the loan from a Board member.

### 15. Loans Payable

#### *Small Business Administration - Paycheck Protection Program Loan*

In April 2020, Studio in a School NYC and Studio Institute applied and received approval for loans under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration. The PPP was legislated as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if businesses keep employee head counts and wages stable.

During fiscal year 2022, Studio in a School NYC had its PPP loan fully forgiven for the amount of \$719,090 and Studio Institute has obtained forgiveness of the loan for the amount of \$502,705.

As of June 30, 2022, Studio in a School NYC and Studio Institute had fully paid off their respective PPP loan balances.

#### *Loan from Board Member*

In April 2020, a Board member of Studio in a School Association, Inc. loaned \$193,663 and \$42,512 to Studio in a School NYC and Studio Institute, respectively, to cover the cost of a payroll at the

**Studio in a School Association, Inc.**  
**Notes to Consolidated Financial Statements**

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onset of the NYC school closings. The loans are not interest bearing and have no set repayment terms or maturity date. As of June 30, 2022, the loan balance was \$88,664.

**16. Subsequent Events**

Studio's management has performed subsequent events procedures through May 1, 2023, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

## Supplemental Schedules

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**Studio in a School Association, Inc.**  
**Consolidating Schedule of Financial Position**  
**(with comparative totals for 2021)**

June 30,

	Studio in a School Association	Studio NYC	Studio Institute	Eliminations	Total	
					2022	2021
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 976,864	\$ 40,302	\$ 880,191	\$ -	\$ 1,897,357	\$ 3,421,847
Short-term investments	231	5,437	360,761	-	366,429	1,371,798
Investments, at fair value	13,174,800	1,190,064	1,880,577	-	16,245,441	19,988,467
Accounts receivable, net	-	1,559,223	35,471	-	1,594,694	232,643
Contributions receivable, current portion	434,150	130,895	1,022,550	-	1,587,595	597,035
Other assets	-	286,436	28,152	-	314,588	54,663
Intercompany receivable	-	(49,496)	1,134,910	(1,085,414)	-	-
<b>Total Current Assets</b>	<b>14,586,045</b>	<b>3,162,861</b>	<b>5,342,612</b>	<b>(1,085,414)</b>	<b>22,006,104</b>	<b>25,666,453</b>
<b>Contributions Receivable, Net,</b> less current portion	(11,936)	200,000	32,000	-	220,064	374,247
<b>Assets Limited as to Use</b>	987,995	-	(636,145)	-	351,850	332,848
<b>Fixed Assets, Net</b>	95,500	239,179	-	-	334,679	118,323
<b>Total Assets</b>	<b>\$ 15,657,604</b>	<b>\$ 3,602,040</b>	<b>\$ 4,738,467</b>	<b>\$ (1,085,414)</b>	<b>\$ 22,912,697</b>	<b>\$ 26,491,871</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ 78,426	\$ 18,031	\$ -	\$ 96,457	\$ 113,960
Accrued payroll and related expenses	-	276,675	92,894	-	369,569	303,656
Loans payable	-	88,664	-	-	88,664	1,310,458
Deferred revenue	8,525	-	-	-	8,525	-
Intercompany payable	1,085,414	100,000	(100,000)	(1,085,414)	-	-
<b>Total Current Liabilities</b>	<b>1,093,939</b>	<b>543,765</b>	<b>10,925</b>	<b>(1,085,414)</b>	<b>563,215</b>	<b>1,728,074</b>
<b>Deferred Compensation</b>	941,223	-	(589,373)	-	351,850	325,350
<b>Total Liabilities</b>	<b>2,035,162</b>	<b>543,765</b>	<b>(578,448)</b>	<b>(1,085,414)</b>	<b>915,065</b>	<b>2,053,424</b>
<b>Net Assets</b>						
Without donor restrictions	8,970,802	192,950	2,702,029	-	11,865,781	14,286,446
With donor restrictions	4,651,640	2,865,325	2,614,886	-	10,131,851	10,152,001
<b>Total Net Assets</b>	<b>13,622,442</b>	<b>3,058,275</b>	<b>5,316,915</b>	<b>-</b>	<b>21,997,632</b>	<b>24,438,447</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,657,604</b>	<b>\$ 3,602,040</b>	<b>\$ 4,738,467</b>	<b>\$ (1,085,414)</b>	<b>\$ 22,912,697</b>	<b>\$ 26,491,871</b>

# Studio in a School Association, Inc.

## Consolidating Schedule of Activities (with comparative totals for 2021)

Year ended June 30,

	Studio in a School		Studio Institute	Total	
	Association	Studio NYC		2022	2021
<b>Changes in Net Assets Without Donor Restrictions</b>					
Operating revenue:					
Contributions:					
Foundations and trusts	\$ -	\$ 584,278	\$ 822,743	\$ 1,407,021	\$ 1,998,283
Individuals	-	682,240	119,088	801,328	557,480
Corporations	-	36,884	11,890	48,774	102,093
Operating transfer of Gala proceeds	(400,000)	280,000	-	(120,000)	-
Government and other contracts and grants	-	2,708,149	51,481	2,759,630	958,400
Fees for services	-	212,250	89,845	302,095	196,617
Other revenue	-	14,490	6,210	20,700	179,278
Net investment return reported in operations	-	910,000	-	910,000	550,000
Net assets released from restriction	-	467,458	824,500	1,291,958	1,182,926
<b>Total Operating Revenue</b>	<b>(400,000)</b>	<b>5,895,749</b>	<b>1,925,757</b>	<b>7,421,506</b>	<b>5,725,077</b>
Operating expenses:					
Program services:					
Studio in a School NYC program services:					
Long-term program	-	1,472,209	-	1,472,209	1,238,448
Residency	-	2,223,220	-	2,223,220	1,465,206
Early childhood program	-	605,906	-	605,906	473,715
Artist and professional development program	-	149,684	-	149,684	153,029
Exhibitions	-	213,294	-	213,294	204,515
Studio Institute program services:					
Teens program	-	-	763,442	763,442	719,985
College programs	-	-	357,500	357,500	479,805
Program services in other cities	-	-	457,183	457,183	308,400
Development projects and professional training	-	-	41,423	41,423	57,609
<b>Total Program Services</b>	<b>-</b>	<b>4,664,313</b>	<b>1,619,548</b>	<b>6,283,861</b>	<b>5,100,712</b>
Supporting services:					
Management and general	-	1,448,870	335,708	1,784,578	1,394,775
Fundraising	-	298,185	40,443	338,628	370,228
<b>Total Operating Expenses</b>	<b>-</b>	<b>6,411,368</b>	<b>1,995,699</b>	<b>8,407,067</b>	<b>6,865,715</b>
<b>Change in Net Assets Without Donor Restrictions, before non-operating income (expenses)</b>	<b>(400,000)</b>	<b>(515,619)</b>	<b>(69,942)</b>	<b>(985,561)</b>	<b>(1,140,638)</b>
Non-operating income (expenses):					
Net investment income (loss)	(1,610,140)	(76,368)	(356,941)	(2,043,449)	3,057,700
Net investment return reported in operations	-	(613,450)	-	(613,450)	(370,900)
Forgiveness of debt	-	719,090	502,705	1,221,795	804,923
<b>Total Non-Operating Income (Expense)</b>	<b>(1,610,140)</b>	<b>29,272</b>	<b>145,764</b>	<b>(1,435,104)</b>	<b>3,491,723</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(2,010,140)</b>	<b>(486,347)</b>	<b>75,822</b>	<b>(2,420,665)</b>	<b>2,351,085</b>
<b>Changes in Net Assets with Donor Restrictions</b>					
Contributions:					
Foundations and trusts	128,817	400,000	1,874,000	2,402,817	1,314,600
Individuals	70,713	4,100	50,000	124,813	819
Corporations	154,900	-	-	154,900	-
Government and other contracts and grants	-	-	-	-	40,000
Net assets released from restriction	(200,000)	(367,458)	(724,500)	(1,291,958)	(1,182,926)
Operating transfer of Gala proceeds	-	-	120,000	120,000	-
Net investment income (loss)	(1,100,295)	(133,877)	-	(1,234,172)	1,613,567
Investment return released into operations	(910,000)	613,450	-	(296,550)	(179,100)
<b>Change in Net Assets with Donor Restrictions</b>	<b>(1,855,865)</b>	<b>516,215</b>	<b>1,319,500</b>	<b>(20,150)</b>	<b>1,606,960</b>
<b>Change in Net Assets</b>	<b>\$ (3,866,005)</b>	<b>\$ 29,868</b>	<b>\$ 1,395,322</b>	<b>\$(2,440,815)</b>	<b>\$ 3,958,045</b>

**Studio in a School Association, Inc.**

**Studio in a School NYC Schedule of Expenses by Function  
(with comparative totals for 2021)**

Year ended June 30,

	Program Services					Supporting Services			Total	
	Long-Term Program	Residency	Early Childhood Program	Artist and Professional Development Program	Exhibitions	Total Program Expenses	Management and General	Fundraising	2022	2021
<b>Salaries and Related Expenses</b>										
Salaries and wages	\$ 1,148,685	\$ 1,556,813	\$ 479,834	\$ 102,573	\$ 105,747	\$ 3,393,652	\$ 587,965	\$ 200,448	\$ 4,182,065	\$ 3,263,276
Benefits and payroll taxes	207,390	295,534	88,839	19,719	19,893	631,375	107,645	38,538	777,558	656,103
<b>Total Salaries and Related Expenses</b>	<b>1,356,075</b>	<b>1,852,347</b>	<b>568,673</b>	<b>122,292</b>	<b>125,640</b>	<b>4,025,027</b>	<b>695,610</b>	<b>238,986</b>	<b>4,959,623</b>	<b>3,919,379</b>
<b>Other Expenses</b>										
Consultants	8,250	145,259	-	23,200	38,688	215,397	259,923	16,869	492,189	434,654
Program supplies	98,288	206,484	36,632	297	19,378	361,079	1,867	-	362,946	197,910
Grants to subrecipients	-	-	-	-	1,500	1,500	259	-	1,759	45,000
Printing	1,136	2,811	86	5	14,001	18,039	38,760	11,354	68,153	25,389
Equipment rental and purchases	409	186	-	-	109	704	37,479	-	38,183	9,608
Accounting fees	-	-	-	-	-	-	88,158	-	88,158	63,264
Repairs and maintenance	-	-	-	-	-	-	39,365	-	39,365	8,341
Training, conferences, and meetings	-	115	-	-	-	115	174	-	289	8,989
Marketing and promotion	-	-	-	-	-	-	4,585	-	4,585	183
Occupancy	-	-	-	-	4,150	4,150	29,776	-	33,926	26,100
Travel and meals	7,900	8,859	515	220	1,264	18,758	12,749	436	31,943	4,655
Utilities	-	-	-	-	-	-	22,969	3,623	26,592	17,366
Depreciation and amortization	-	-	-	-	-	-	108,502	-	108,502	9,755
Telephone	-	-	-	-	-	-	13,340	-	13,340	12,822
Insurance	-	-	-	-	-	-	24,440	-	24,440	24,574
Dues, subscriptions, and memberships	-	22	-	470	6,864	7,356	36,319	23,855	67,530	38,231
Miscellaneous	-	417	-	3,200	1,700	5,317	32,017	3,062	40,396	28,480
Bad debts	151	6,720	-	-	-	6,871	2,578	-	9,449	28,563
<b>Total Expenses</b>	<b>\$ 1,472,209</b>	<b>\$ 2,223,220</b>	<b>\$ 605,906</b>	<b>\$ 149,684</b>	<b>\$ 213,294</b>	<b>\$ 4,664,313</b>	<b>\$ 1,448,870</b>	<b>\$ 298,185</b>	<b>\$ 6,411,368</b>	<b>\$ 4,903,263</b>

**Studio in a School Association, Inc.**  
**Studio Institute Schedule of Expenses by Function**  
**(with comparative totals for 2021)**

Year ended June 30,

	Program Services				Supporting Services		Total		
	Teen Programs	College Programs	Program Services in Other Cities	Development Projects and Professional Training	Total Program Expenses	Management and General	Fundraising	2022	2021
<b>Salaries and Related Expenses</b>									
Salaries and wages	\$ 502,747	\$ 97,114	\$ 353,686	\$ 35,251	\$ 988,798	\$ 214,079	\$ 26,751	\$ 1,229,628	\$ 1,183,694
Benefits and payroll taxes	65,555	13,097	47,399	4,712	130,763	28,650	3,564	162,977	166,356
<b>Total Salaries and Related Expenses</b>	<b>568,302</b>	<b>110,211</b>	<b>401,085</b>	<b>39,963</b>	<b>1,119,561</b>	<b>242,729</b>	<b>30,315</b>	<b>1,392,605</b>	<b>1,350,050</b>
<b>Other Expenses</b>									
Consultants	26,685	36,886	15,741	-	79,312	26,535	6,640	112,487	111,572
Regranting	106,950	172,026	200	-	279,176	-	-	279,176	312,760
Program supplies	4,810	620	14,413	-	19,843	(27)	-	19,816	15,554
Grants to subrecipients	-	28,600	-	-	28,600	-	-	28,600	43,471
Stipendiary	17,280	550	1,170	-	19,000	-	-	19,000	2,300
Printing	589	260	2,722	-	3,571	4,845	-	8,416	18,218
Equipment rental and purchases	3,538	-	600	-	4,138	716	-	4,854	27,711
Accounting fees	-	-	-	-	-	15,889	-	15,889	6,372
Repairs and maintenance	-	-	-	-	-	2,360	-	2,360	-
Training, conferences, and meetings	-	-	930	-	930	-	-	930	-
Marketing and promotion	4,180	5,890	512	-	10,582	-	-	10,582	19,294
Occupancy	2,700	1,239	2,977	-	6,916	12,365	-	19,281	11,706
Travel and meals	15,374	160	15,369	-	30,903	522	-	31,425	15,771
Utilities	-	-	-	-	-	9,595	-	9,595	8,111
Depreciation and amortization	-	-	-	-	-	18	-	18	88
Telephone	460	215	567	1,234	2,476	9,479	-	11,955	5,019
Insurance	-	-	-	-	-	4,955	-	4,955	2,989
Dues, subscriptions, and memberships	9,912	843	508	226	11,489	476	3,052	15,017	10,069
Miscellaneous	2,662	-	389	-	3,051	5,251	436	8,738	1,399
<b>Total Expenses</b>	<b>\$ 763,442</b>	<b>\$ 357,500</b>	<b>\$ 457,183</b>	<b>\$ 41,423</b>	<b>\$ 1,619,548</b>	<b>\$ 335,708</b>	<b>\$ 40,443</b>	<b>\$1,995,699</b>	<b>\$ 1,962,454</b>