Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2018



<u>Index</u>

	<u>Page</u>
FY18 Program Report (Unaudited)	2
Independent Auditor's Report	6
Financial Statements	
Statement of Financial Position	8
Statement of Activities	9
Statement of Functional Expenses	10
Statement of Cash Flows	11
Notes to Financial Statements	12
Supplementary Information	
Schedule of Functional Expenses - Program Services	25



FY18 Program Report

Mission Statement

From the Top celebrates the power of music in the hands of extraordinary young people by:

- Unleashing the potential of young musicians as leaders in the arts;
- Trumpeting the role of music to impact and enrich lives; and
- Inspiring and building new audiences with a deeper appreciation for classical music.

About From the Top

Based in Boston, From the Top is a national non-profit organization that supports, develops, and shares young people's artistic voices and stories. Its national platform and leadership training programs strengthen and amplify these extraordinary young musicians' messages – of beauty and hope, passion and drive, power and positivity – to celebrate what unites us as people. From the Top provides hundreds of young musicians each year with live performance opportunities in premier concert venues across the country; national exposure to an audience of 620,000 listeners on its weekly NPR show; training in communication, leadership, and community engagement; and scholarship opportunities that have totaled more than \$2.5 million over 13 years.

The 2018 fiscal year was full of exciting transitions as From the Top continued to implement the high-quality programming for which the organization is known. In December 2017, From the Top packed up its office of nearly two decades and moved to its new home in the historic YWCA building in Boston's Back Bay. One month later, the Board of Directors announced their selection of Gretchen Nielsen as the new Executive Director. Ms. Nielsen was most recently the Vice President of Education Initiatives at the Los Angeles Philharmonic, where she launched Youth Orchestra Los Angeles (YOLA) with the LA Phil's Music & Artistic Director Gustavo Dudamel, among other programs. At From the Top, she is exploring ways to expand the organization's presence nationally and develop new media programs and outlets to increase its impact among audiences and artists of diverse backgrounds. Ms. Nielsen's tenure began on March 1, 2018.

In FY18, From the Top's operating cost was \$3,487,435. Approximately 77% of its operating revenue of \$3,519,949 was derived from contributed income and approximately 23% from earned and other sources. About \$897,000 of its operating expenses were covered by grants received in previous years.

Content and Production

From the Top produces NPR's *From the Top*, the most popular weekly one-hour classical music program on public radio. It also produces the *See the Music* video series and distributes it to an audience of more than 50,000 fans/subscribers. Key accomplishments in FY18 included:

- Recording 16 live episodes of *From the Top* for more than 11,200 audience members in 13 cities and towns across the country;
- Featuring the exceptional talents of more than 100 classically-trained, pre-collegiate soloists and chamber musicians, ages 8 to 18, and three outstanding youth orchestras and choirs on *From the Top*;
- Collaborating with genre-bending guest artists Black Violin and Time for Three;
- Partnering with the National Youth Orchestras of the USA and China, *Stulberg* International String Competition, and Los Angeles Philharmonic (LA Phil);
- Broadcasting weekly episodes of *From the Top* on more than 200 public radio stations nationwide—delivering entertainment to more than 620,000 weekly listeners, a 10% increase in its radio audience compared to the previous year;
- Adding Spotify (via NPR) to the distribution methods for From the Top;
- Sending four alumni to perform for the first *From the Top* appearance on NPR's Tiny Desk Concerts; and
- Collaborating with classical violinist Joshua Bell, chamber ensemble Canadian Brass, tap dancer Leo Manzari, and members of jazz/funk collective Snarky Puppy on See the Music videos.

Education and Community Engagement

From the Top's educational programs – under the umbrella of the Center for the Development of Arts Leaders – support and empower young musicians as they pursue their individual artistic paths. A central aspect of musicians' From the Top experience is a focused arts leadership workshop. Performers apply their training by planning and implementing a community engagement activity for local partners in most cities where shows are recorded. Musicians are then encouraged to put what they learned into practice in their home communities. In FY18, From the Top:

- Provided nearly 80 young musicians with arts leadership training on the tour of NPR's From the Top; and
- Presented 22 customized community engagement activities nationwide, led by From the Top performers and reaching more than 825 people, predominantly students from underresourced communities.

The From the Top Alumni Leadership Grant, providing financial resources and mentoring to alumni with independent community engagement projects, completed its first full grant cycle in FY18. A second round of funding was announced in May 2018. The three Alumni Leadership grantees were:

- 19-year-old violinist Corinne Auger, whose Grant supported her Music Lens project, a free, summer music program for elementary school children in Boston, Massachusetts, and Cleveland, Ohio;
- 21-year-old vocalist Thomas West, who received the Grant to support his Collaborative Arts Ensemble (CAE), a group of performance artists dedicated to fostering dialogue in the American South; and
- 21-year-old violinist Ariel Horowitz, who used the Grant to support the third year of her Heartbeat Project on the Navajo (Diné) Reservation in New Mexico.

Admissions and Alumni Relations

The Admissions & Alumni Relations department facilitates the recruitment, application, review, and selection process of musicians for *From the Top* and the *See the Music* video series, while also overseeing alumni relations with nearly 3,000 former From the Top performers. In FY18, live auditions in Los Angeles, Philadelphia, and Las Vegas were notable for introducing staff to impressive musicians outside of traditional conservatories.

Key accomplishments included:

- Evaluating 648 applications,
- Holding 11 live auditions in locations around the country, and
- Producing 21 alumni-centered blog posts.

Scholarship and Recruitment

Every year, From the Top and the Jack Kent Cooke Foundation offer significant scholarships to high-achieving young musicians with financial need. Working with a large network of music instructors, administrators, and mentors, the recruitment process for the Jack Kent Cooke Young Artist Award also seeks to identify young musicians from under-served and under-represented populations.

In FY18, From the Top awarded a total of \$200,000 in scholarships in addition to performance appearances on *From the Top* and the opportunity to participate in its arts leadership workshops to 21 students from 10 U.S. states and Venezuela. It completed its first full year of offering flexible scholarship amounts to Award recipients and, as predicted, this shift allowed From the Top to better meet each student's level of need.

Award recipients reported the following demographics:

- Race/ethnicity as 9% African American, 29% Asian, 19% Hispanic/Latino, 24% White/Caucasian, 9% multi-racial, 5% other, and 5% unreported;
- A gender breakdown of 33% female and 67% male;
- An average age of 16 years old; and
- An average Adjusted Gross Income (AGI) of \$40,384 per family.

Marketing and Communications

FY18 Marketing and Communications efforts focused on supporting marketing and PR for the national tour of *From the Top* as well as maintaining younger online audiences via YouTube, social media, and the From the Top website.

From the Top's strategy of consistently posting content to YouTube remained successful in growing the channel. Subscribership increased by 16% from the start of the fiscal year, surpassing the 10,000-subscriber mark. This is a milestone on the site, and reaching it makes From the Top a preferred partner, so more viewers see its content. As a result, the organization experienced its largest quarter by far in spring 2018, with more than 382,000 views. It also has been successful in reaching a younger audience through YouTube; 65% of its video viewers are ages 34 and under, compared to 10% of its radio audience.



Independent Auditor's Report

To the Board of Directors From the Top, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of From the Top, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 From the Top, Inc. as of June 30, 2018, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The program report for fiscal year 2018 on pages 2 through 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express or provide any assurance on it.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses - program services on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited From the Top, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boston, Massachusetts

CohnReynickZZF

January 31, 2019

Statement of Financial Position June 30, 2018 (With Comparative Totals for 2017)

<u>Assets</u>

	Restricted		T - (- 1			0047		
Current assets	Ur	restricted	ter	nporarily		Total		2017
Cash (Note 2)	\$	51,528	\$	582,705	\$	634,233	\$	592,258
Investments (Notes 1, 12)	·	-	•	13,045	•	13,045	,	178,616
Accounts receivable, net (Notes 1, 3)		190,162		167,500		357,662		586,876
Prepaid expenses		70,987		-		70,987		69,131
Total current assets		312,677		763,250		1,075,927		1,426,881
Property and equipment								
Property and equipment, net (Note 4)		39,238		-		39,238		40,932
Other assets								
Long-term accounts receivable, net (Notes 1, 3)		88,543		28,939		117,482		93,079
Investments (Notes 1, 12)		<u>-</u>		40,439		40,439		320,429
		88,543		69,378		157,921		413,508
Total assets	\$	440,458	\$	832,628	\$	1,273,086	\$	1,881,321
1	iobilit	ies and Net A	aaata					
<u>.</u>	<u> Iabilit</u>	ies and inet P	155E15					
Current liabilities								
Accounts payable	\$	2,328	\$	-	\$	2,328	\$	35,829
Accrued wages payable		30,532		-		30,532 96,620		31,229
Accrued expenses Deferred revenue (Note 9)		96,620		-		96,620		104,412 96,845
Deterring (Note 3)								30,040
Total current liabilities		129,480				129,480		268,315
Total liabilities		129,480				129,480		268,315
Net assets								
Unrestricted net assets (Note 15)		310,978		-		310,978		557,684
Temporarily restricted net assets (Note 5)		-		832,628		832,628		1,055,322
Permanently restricted net assets (deficiency)				-		-		<u>-</u>
Total net assets		310,978		832,628		1,143,606		1,613,006
Total liabilities and net assets	\$	440,458	\$	832,628	\$	1,273,086	\$	1,881,321

Statement of Activities Year Ended June 30, 2018 (With Comparative Totals for 2017)

				2018				
		nrestricted		Restricted emporarily		Total		2017
Public support		moothotod		omporarily		Total		2017
Contributions (Notes 1, 8)	\$	1,168,247	\$	629,465	\$	1,797,712	\$	1,895,802
Government support (Notes 1, 7)		100,499		87,501		188,000		107,000
Event revenue		242,423		-		242,423		595,881
In-kind contributions (Notes 1, 6)	-	243,307				243,307		240,372
Total public support		1,754,476		716,966		2,471,442		2,839,055
Program services fees								
Carriage fees (Note 9)		306,133		-		306,133		323,801
Road show fees		212,704		-		212,704		280,113
Educational fees (Note 9)		11,153				11,153		26,841
Total program service fees		529,990				529,990		630,755
Other revenue								
Merchandise sales		106		-		106		139
Other income		16,497		-		16,497		8,907
Total other revenue		16,603				16,603		9,046
Net assets released from restrictions (Notes 1, 5)								
Expiration of time restrictions		230,000		(230,000)		_		-
Satisfaction of program restrictions		709,660		(709,660)		-		-
Total net assets released from								
restrictions		939,660		(939,660)		-		-
Total support and revenue		3,240,729		(222,694)		3,018,035		3,478,856
rotal support and revenue	-	3,240,729	-	(222,094)	-	3,010,033	-	3,470,030
Expenses								
Program services		2,237,819		-		2,237,819		2,548,377
General and administrative		562,846		-		562,846		500,132
Fundraising		686,770				686,770		619,850
Total expenses		3,487,435				3,487,435		3,668,359
Change in net assets		(246,706)		(222,694)		(469,400)		(189,503)
Net assets, beginning		557,684		1,055,322		1,613,006		1,802,509
Net assets, ending	\$	310,978	\$	832,628	\$	1,143,606	\$	1,613,006

Statement of Functional Expenses Year Ended June 30, 2018 (With Comparative Totals for 2017)

2018

		Supportin	g servi	-				
	 Program services	 General and administrative Fundraising		Total		2017		
Production costs	\$ 306,107	\$ -	\$	-	\$	306,107	\$	346,850
Event expenses	17,037	-		73,807		90,844		108,844
Payroll and payroll taxes	1,046,116	345,422		367,994		1,759,532		1,807,965
Fringe benefits	103,894	23,564		36,065		163,523		166,587
Advertising	13,261	-		-		13,261		21,389
Scholarships	187,933	-		-		187,933		193,459
Insurance	12,318	5,653		1,222		19,193		19,246
Maintenance and repair	2,922	1,674		975		5,571		10,189
Marketing	23,051	8,061		34,674		65,786		54,706
Office expenses	98,550	14,147		73,121		185,818		189,862
Professional fees	124,345	122,115		39,843		286,303		298,935
Rent (Note 10)	94,129	26,105		30,427		150,661		128,677
Telephone/internet	12,245	4,957		3,362		20,564		19,305
Travel, lodging and meals	173,687	6,017		19,301		199,005		268,571
Depreciation	22,224	 5,131	-	5,979		33,334		33,774
Total expenses	\$ 2,237,819	\$ 562,846	\$	686,770	\$	3,487,435	\$	3,668,359

Statement of Cash Flows Year Ended June 30, 2018 (With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities Change in net assets Adjustments to reconcile change in net assets to	\$ (469,400)	\$ (189,503)
net cash provided by (used in) operating activities Depreciation Other adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities (include detail)	33,334	33,774
Net realized and unrealized (gains) losses on investments	(787)	34
Investment income reinvested Amortization of discount	(512)	(71)
Changes in assets and liabilities	(3,097)	(5,413)
(Increase) decrease in assets		
Accounts receivable	197,941	(84,234)
Prepaid expenses	(1,856)	(21,758)
Increase (decrease) in liabilities Accounts payable	(33,501)	14,144
Accrued expenses and accrued wages payable	(8,489)	28,447
Deferred revenue	(96,845)	71,845
Net cash provided by (used in) operating activities	 (383,212)	 (152,735)
Cash flows from investing activities Purchases of property and equipment Withdrawals from investments Purchases of investments Sale of investments	(31,638) 456,825 - -	(5,471) 23,674 (12,991) 12,730
Net cash provided by (used in) investing activities	425,187	17,942
Net increase (decrease) in cash	41,975	(134,793)
Cash, beginning	592,258	727,051
Cash, end	\$ 634,233	\$ 592,258
Schedule of noncash investing and financing activities Costs incurred for purchase of fixed assets during the year In-kind donations of property and equipment	\$ (31,638)	\$ (5,471)
Payments for fixed assets	\$ (31,638)	\$ (5,471)

Significant noncash financial and investing activities

During the year ended June 30, 2018, the Organization disposed of fully depreciated property and equipment in the amount of \$47,192.

See Notes to Financial Statements.

Notes to Financial Statements June 30, 2018

Note 1 - Organization and summary of significant accounting policies

Organization and nature of operations

From the Top, Inc. (the "Organization" or "From the Top") is an independent non-profit organization that celebrates the power of music in the hands of extraordinary young people, reaching more than one million people each year. The Organization was organized under Massachusetts General Law Chapter 180 in November 2001. The Organization is exempt from taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

Based in Boston, Massachusetts, From the Top is America's largest national platform celebrating the stories, talents, and character of classically-trained young musicians. Through live events, NPR and YouTube broadcasts, scholarships, and leadership programs, From the Top empowers these extraordinary young people to engage and inspire music lovers of all ages.

National tour, broadcasts, and digital media

In 17 years, From the Top has recorded more than **342 radio and television broadcasts** before **live audiences in 35 states and two international cities**, featuring nearly **3,000 young artists**. From the Top's **radio show** is distributed by **National Public Radio ("NPR")** to more than **200** stations coast to coast and is the most popular weekly classical music program on public radio. From the Top's **PBS television series** From the Top at Carnegie Hall received two **Emmy Awards** and aired for two seasons. From the Top's *See the Music* program produces and distributes online music videos and behind-the-scenes content via You Tube and social media.

Education and community engagement

From the Top's Center for the Development of Arts Leaders prepares and mentors young musicians across the country to become instruments of change in their communities. Education programs range from half-day arts leadership workshops to full-day in-school residencies and community outreach events. Each year, thousands of students experience the power of From the Top role models in classroom visits and community programs across the country. Additionally, many second through twelfth graders learn about From the Top performers in music textbooks and online lesson plans in partnership with Macmillan/McGraw Hill Publishers.

In Boston, From the Top established a center for developing and training teen musicians to be arts leaders. Between 2011 and 2018, more than 170 teen musicians donated thousands of hours of community service - increasing access to high-quality music and learning opportunities for school children, seniors, and patients in greater Boston.

Admissions and alumni relations

The Admissions and Alumni Relations department was a new addition to From the Top in fiscal year 2015. The mission of the department is to facilitate the application, review, and selection process of musicians for NPR's From the Top with Host Christopher O'Riley, and conduct an Alumni Relations program to serve the nearly 3,000 former From the Top performers.

Scholarship and recruitment

Since 2005, From the Top and the Jack Kent Cooke Foundation have awarded approximately \$2.6 million in scholarships to 260 exceptional young musicians with financial need. In addition to providing these young artists with an opportunity to perform on From the Top's national broadcasts, recipients are awarded scholarships of up to \$10,000 to continue their musical studies.

Notes to Financial Statements June 30, 2018

Financial statement presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets, in accordance with guidance issued by the Financial Accounting Standards Board ("FASB"). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets	Net assets that are not subject to donor-imposed restrictions;
Temporarily restricted net assets	Net assets subject to explicit or implicit donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time; and
Permanently restricted net assets	Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

There were no permanently restricted net assets at June 30, 2018.

Basis of accounting

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

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 certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Accounts receivable are stated at the amount the Organization's management expects to collect from outstanding balances. The Organization's management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience and its assessment of current economic conditions. Balances that are still outstanding after the Organization's management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts receivable are deemed to be fully collectible by the Organization's management at June 30, 2018.

Property and equipment

All acquisitions of furniture, equipment, computer software and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. The Organization capitalizes these costs if the amounts incurred exceed \$1,000. Furniture, equipment and computer software are carried at cost or, if donated, at the approximate fair value at the date of donation. These assets are depreciated on a straight-line basis over their estimated useful lives which range from three to seven years. The cost of leasehold improvements is amortized on a straight-line basis over the lesser of the length of the related leases or the estimated useful lives of the assets. Amortization expense is included in depreciation.

Notes to Financial Statements June 30, 2018

Investments

The Organization's investments consist of money market funds which are carried at their fair values. Unrealized gains and losses are included in the changes in net assets. Gains and losses on the disposition of investments are determined based on various methods, including the average cost method, first-in first-out method, and last-in last-out method, depending on the type of underlying investment. Investment income restricted by a donor is reported as an increase in temporarily restricted net assets. When the restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), the net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Revenue recognition

All revenue from program services, educational fees, royalties, event revenue and sales are recognized when the programs and events have taken place or the services are performed. Payments received in advance of programs and events taking place and services performed are deferred until earned.

Contributions and donor restrictions

Contributions, including grants, are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires, the net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Organization had no conditional promises to give at June 30, 2018.

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

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and marketing

Advertising and marketing costs are expensed when incurred. Amounts incurred for the year ended June 30, 2018 totaled \$79,047.

Notes to Financial Statements June 30, 2018

Income taxes

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income for the year ended June 30, 2018. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of June 30, 2018. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2015, 2016 and 2017.

Accrued interest and penalties associated with uncertain tax positions are recognized as a part of interest expense and miscellaneous expenses, respectively, in the accompanying statement of activities. The Organization has no accrued interest and penalties associated with uncertain tax positions at June 30, 2018 and none were incurred during the year then ended.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

Subsequent events

The Organization has evaluated subsequent events through January 31, 2019, which is the date these financial statements were available to be issued.

Note 2 - Concentration of credit risk

The Organization maintains its cash balance in one account at one bank. The cash balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2018.

No cash equivalents were held as of June 30, 2018 and 2017.

Notes to Financial Statements June 30, 2018

Note 3 - Accounts receivable and significant customers

Accounts receivable at June 30, 2018 consists of the following:

	Current		L	ong-term	Total
Pledges Contributions Government support (NEA) Event revenue (see RE report)	\$	291,200 60,000 2,400	\$	132,500	\$ 423,700 60,000 2,400
Discount on pledges		353,600		132,500 (15,018)	486,100 (15,018)
Subtotal		353,600		117,482	471,082
Other (A/R October)		4,062			4,062
Subtotal		4,062			4,062
Total	\$	357,662	\$	117,482	\$ 475,144

The Organization had pledges receivable representing the following at June 30, 2018:

	Lln	restricted	mporarily estricted	Total		
Contributions Government support Event revenue	\$	283,700 - 2,400	\$ 140,000 60,000	\$	423,700 60,000 2,400	
Discount on pledges		286,100 (11,457)	 200,000 (3,561)		486,100 (15,018)	
Total	\$	274,643	\$ 196,439	\$	471,082	
Receivables due in less than one year Receivables due in one to five years Receivables due in more than five years	\$	186,100 100,000 -	\$ 167,500 32,500 -	\$	353,600 132,500 -	
Discount on pledges		286,100 (11,457)	 200,000 (3,561)		486,100 (15,018)	
Total	\$	274,643	\$ 196,439	\$	471,082	

Notes to Financial Statements June 30, 2018

The Organization receives grants and contributions from various government sources, private foundations and individuals. For the year ended June 30, 2018, approximately 19% of the Organization's revenue was received from one donor. At June 30, 2018, there were no receivables outstanding from this donor.

Note 4 - Property and equipment

Property and equipment at June 30, 2018 consists of the following:

	 Cost	cumulated preciation	Net	book value
Leasehold improvements Production equipment Office and computer equipment Software	\$ 22,827 116,538 184,395 40,330	\$ (2,374) (103,768) (178,380) (40,330)	\$	20,453 12,770 6,015
	\$ 364,090	\$ (324,852)	\$	39,238

At June 30, 2018, property and equipment with an original cost of \$6,996 was fully depreciated and still in service.

Note 5 - Restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018:

Scholarship and recruitment	\$ 605,934
Operations	136,439
Education	70,255
Radio	20,000
	\$ 832,628

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, time or by the occurrence of other events specified by the donor during the year ended June 30, 2018 as follows:

Scholarship and recruitment	\$ 494,177
Operations	230,000
Radio	85,001
Education	 130,482
	\$ 939,660

Notes to Financial Statements June 30, 2018

Note 6 - In-kind donations

The value of donated goods and services included as contributions in the financial statements and the corresponding expenses for the year ended June 30, 2018 are as follows:

	Expenses							
	Program services		General and administrative		Fu	ndraising	Total	
Professional fees Event expenses Leasehold Improvements Rent	\$	74,267 12,000 - 49,354	\$	50,015 - 2,000 14,368	\$	8,333 4,815 - 16,747	\$	132,615 16,815 2,000 80,469
Total	\$	135,621	\$	66,383	\$	29,895	\$	231,899
								Revenue htributions
Professional fees Event expenses Leasehold Improvements Rent							\$	132,615 16,815 13,407 80,469
Total							\$	243,306

Note 7 - Contingencies

The Organization receives federal financial assistance in the form of grants from the National Endowment for the Arts ("NEA"). This assistance must be used for the programs specified under the grant documents and is subject to federal regulatory provisions under the Uniform Guidance. Federal grants totaling \$60,000 have been recognized as income during the year ended June 30, 2018, all of which are receivable at year end from NEA.

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

Note 8 - Grant agreements

Scholarship and recruitment program

The Organization has entered into agreements with the Jack Kent Cooke Foundation to support the identification of applicants for the Organization's scholarship and recruitment program. The original grant was awarded in March 2005 for the period June 1, 2005 through May 31, 2006 and provided for two one-year renewal periods. Since the grant renewals, the Organization has entered into

Notes to Financial Statements June 30, 2018

additional agreements, with the latest grant awarded in May 2018, totaling \$565,000, for the period June 1, 2018 through May 31, 2019. The annual grants awarded have ranged in value from \$500,000 to \$585,000.

Each agreement contains provisions that grant funds will be expended in accordance with the grant proposal as itemized in the proposed project budget. Any line item that exceeds more than 10 percent of the proposed budget must be agreed to in writing from the grantor. In addition, funds remaining at the completion of the grant period must be returned to the grantor unless the grantor agrees otherwise in writing.

A summary of cumulative activity from inception in 2005 through June 30, 2018 is as follows:

Grant amounts	\$ 7,351,755
Cumulative expenditures incurred Scholarships	(2,743,660)
Program and administrative costs	 (4,002,161)
Grant funds remaining	\$ 605,934
Grant funds held by award year as of June 30, 2018 is as follows:	
Grant period ending	
May 31, 2019	\$ 543,105
May 31, 2018	 62,829
Grant funds remaining	\$ 605,934

Education and community outreach programs Arts leadership program

The Organization conducts school and community performances and presentations in up to 18 communities across the country, leveraging the power of young performers ages 8 to 18 as role models for approximately 2,000 - 3,000 students each year. These range from one-day events, to extended partnerships and residencies. In addition, all From the Top performers participate in arts leadership workshops, which allow them to explore the power of music to inspire and create change and to help them develop their own interests and leadership projects once they return home. During the year ended June 30, 2018, the Organization was awarded \$40,000 in support of this program from one grantor to be used during fiscal year 2018. A summary of cumulative activity for this program during the year ended June 30, 2018 is as follows:

Grant awards as of June 30, 2017	\$ 45,000
Current year grants awarded	40,000
Current year expenditures	(45,000)
Grant awards remaining at June 30, 2018	\$ 40,000

Notes to Financial Statements June 30, 2018

Note 9 - Contractual agreements

NPR Agreement

The Organization entered into a distribution agreement with National Public Radio ("NPR") to distribute the radio shows produced by From the Top commencing on January 1, 2009. The Organization and NPR executed a new distribution agreement which was effective January 1, 2016 and through September 30, 2017. The program year under the agreement is from October 1st through September 30th. On October 3, 2017, an amendment to the new agreement was signed and executed for the period October 1, 2017 through September 30, 2018, with the option to auto renew annually for 3 consecutive years, through September 2021. The agreement also granted NPR with the right of first refusal to acquire broadcast rights for new programs for future periods. Currently, the agreement provides NPR with the right of first refusal to acquire the broadcast rights for subsequent to the expiration of the current agreement.

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

Amounts totaling \$306,133 have been recognized as revenue for the year ended June 30, 2018. This contract has auto renewed through September 2019.

Other

The Organization entered into an agreement, which was effective on January 4, 2008, to provide certain educational related content to McGraw Hill. The agreement provided for revenues for the content and royalties from the continuing publication of the content in text books and online. During the year ended June 30, 2018, royalties of \$8,974 were earned and are included in educational fees in the Statement of Activities.

Note 10 - Leasing arrangements

The Organization entered into a lease agreement for its office space for a period of five years through June 30, 2015. Beginning on July 1, 2015, the Organization began renting its office space on the terms of a month-to-month basis. The Organization vacated this office space in November, 2017. The monthly payments through November 30, 2017 were \$2,721. Pursuant to the terms of the lease agreement, the Organization has received the use of the space at a cost below the fair market value. The difference between the fair market value rents and the amounts paid were valued at \$80,469 for the year ended June 30, 2018. This amount was recorded as an in-kind contribution during the fiscal year.

Notes to Financial Statements June 30, 2018

In October 2017, the Organization entered into a lease agreement for office space for a period of five years and three months commencing on December 1, 2017 and ending February 28, 2023. Commencing December 1, 2017, base rent of \$144,000 will increase annually pursuant to the terms in the lease agreement. Monthly rent through June 30, 2018 was \$12,000. The lease agreement also provides for payment of operating expenses and real estate taxes as a component of the Organization's rent. The Organization has one, five-year option to renew the lease.

Rent expense for the year ended June 30, 2018 amounted to \$150,661.

Future minimum lease payments commencing December 1, 2017 are as follows for each of the next five fiscal years and thereafter as follows:

2019	\$	145,500
2020		150,000
2021		154,500
2022		159,000
2023		108,000
Thereafter		-
	_ \$	717,000

Note 11 - Employee benefit plan

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

Note 12 - Investments

As part of its cash management program, the Organization maintains an investment portfolio. Investments consist of money market funds and are valued at fair value which approximates cost at June 30, 2018.

For the year ended June 30, 2018, investment activity for the portfolio of marketable investment securities was as follows:

Investments, beginning of year	\$ 499,045
Stock donations	10,837
Purchase of investments	-
Sale of investments	-
Transfer to operations, net	(456,825)
Investment income (expense)	
Dividend and interest, net of fees of \$245	512
Realized/unrealized gain (loss)	(85)
Investments, end of year	\$ 53,484

Notes to Financial Statements June 30, 2018

Note 13 - Fair value measurements

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

The fair value hierarchy under the guidance is as follows:

Level 1	Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs;
Level 2	Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2018.

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

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's fair value of assets measured on a recurring basis as of June 30, 2018:

	 _evel 1	L	evel 2	Le	evel 3	Total		
Money market funds	\$ 53,484	\$ -		\$ -		\$	53,484	
Total assets at fair value	\$ 53,484	\$		\$		\$	53,484	

Notes to Financial Statements June 30, 2018

Note 14 - Note payable

Line of credit

The Organization entered into a revolving line of credit agreement with a financial institution dated November 18, 2010. The line of credit is subject to review by the financial institution annually and is currently due for review on February 28, 2019. The maximum amount available is \$150,000. Monthly payments of principal, as determined by the lender, and interest are due at the bank's prime rate for commercial loans plus 1.5%, on any outstanding balance. The line is secured by the general assets of the Organization, including funds held in accounts at the institution, and is subject to annual renewal. The agreement also contains certain covenants including a requirement that the line of credit have no outstanding balance for at least 60 days each year. There was no activity on the line of credit during the year ended June 30, 2018.

Note 15 - Board and CEO designated assets

During fiscal year 2018, the Board of Directors approved transfers totaling \$279,990 from Board designated funds to operating cash. These funds were included in and transferred from unrestricted investments to cash during fiscal year 2018. As of June 30, 2018, the Board of Directors has a remaining balance of \$40,439 designated in net assets.

Note 16 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition and disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Organization through January 31, 2019 (the date the financial statements were available to be issued) and has concluded that, except as disclosed in Notes 9 and 10 to the financial statements, no subsequent events have occurred that would require recognition in the financial statements.



From the Top, Inc.

Schedule of Functional Expenses - Program Services Year Ended June 30, 2018

Program Services

	1 Togram Corvicus													
	Radio production		Video production		Education and community engagement		Marketing and communications		Admissions and alumni relations		Scholarship and recruitment		Total	
Production costs	\$	303,698	\$	2,409	\$	_	\$	_	\$	_	\$	_	\$	306,107
Event expenses	•	14,449	•	_,	•	-	•	2,128	*	-	•	460	•	17,037
Payroll and payroll taxes		424,344		40,906		124,834		311,366		41,942		102,724		1,046,116
Fringe benefits		46,471		6,911		9,829		30,085		1,734		8,864		103,894
Advertising		-		-		-		10,244		-		3,017		13,261
Scholarships		-		-		12,745		-		-		175,188		187,933
Insurance		10,193		-		438		1,036		236		415		12,318
Maintenance and repair		1,177		-		369		827		188		361		2,922
Marketing		6,485		1,406		1,272		10,593		-		3,295		23,051
Office expenses		37,976		10,822		7,252		34,448		940		7,112		98,550
Professional fees		47,349		10,705		12,097		48,604		2,028		3,562		124,345
Rent		41,222		-		10,899		25,805		5,881		10,322		94,129
Telephone/internet		5,760		-		1,169		3,585		628		1,103		12,245
Travel, lodging and meals Depreciation and		114,242		13,791		10,143		9,174		-		26,337		173,687
amortization		11,825				2,143		5,071		1,156		2,029		22,224
Total expenses	\$	1,065,191	\$	86,950	\$	193,190	\$	492,966	\$	54,733	\$	344,789	\$	2,237,819



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