USTA Foundation Incorporated

Financial Statements
Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

USTA Foundation Incorporated

Financial Statements
Years Ended December 31, 2022 and 2021

USTA Foundation Incorporated

Contents

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Independent Auditor's Report

The Board of Directors
USTA Foundation Incorporated
White Plains, New York

Opinion

We have audited the financial statements of USTA Foundation Incorporated (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

BDO

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

BDO USA LLP

April 27, 2023

USTA Foundation Incorporated

Statements of Financial Position
(dollars in thousands)

December 31,		2022		2021
Assets				
Current Assets				
Cash and cash equivalents	$	**14,709**	$	11,383
Investments, at fair value		**5,632**		3,079
Contributions and accounts receivable		**1,483**		2,369
Prepaid expenses and other assets		**25**		49
Total Current Assets		**21,849**		16,880
Contributions Receivable, net of discount and less current portion		**2,908**		3,893
Investments Held for Donor Endowment		**268**		320
Total Assets	$	**25,025**	$	21,093
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**1,377**	$	885
Deferred income		**215**		346
Current portion of scholarships payable		**284**		274
Total Current Liabilities		**1,876**		1,505
Long-Term Scholarships Payable, net of discount and less current portion		**293**		314
Total Liabilities		**2,169**		1,819
Commitments and Contingencies (Notes 1, 5, and 8)				
Net Assets				
Without donor restrictions:				
General		**6,562**		4,251
Board-designated		**8,600**		7,700
With donor restrictions		**7,694**		7,323
Total Net Assets		**22,856**		19,274
Total Liabilities and Net Assets	$	**25,025**	$	21,093

See accompanying notes to financial statements.

USTA Foundation Incorporated

Statements of Activities
(dollars in thousands)

Year ended December 31,

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues						
Special events inclusive of contributions:						
Special events revenue	$ **4,136**	$ **-**	$ **4,136**	$ 3,265	$ -	$ 3,265
Less: direct cost to donors	**(811)**	**-**	**(811)**	(658)	-	(658)
Total Special Events	**3,325**	**-**	**3,325**	2,607	-	2,607
Grants and contributions	**6,925**	**2,278**	**9,203**	4,985	6,389	11,374
Contributed services	**2,953**	**-**	**2,953**	2,642	-	2,642
In-kind contributions	**358**	**-**	**358**	-	-	-
Net assets released from restrictions (Note 6)	**1,870**	**(1,870)**	**-**	770	(770)	-
Total Operating Revenues	**15,431**	**408**	**15,839**	11,004	5,619	16,623
Operating Expenses						
Program services:						
Grants and supporting program expenses	**8,306**	**-**	**8,306**	7,062	-	7,062
Total Program Services	**8,306**	**-**	**8,306**	7,062	-	7,062
Support services:						
General and administrative	**1,124**	**-**	**1,124**	864	-	864
Fundraising	**2,178**	**-**	**2,178**	1,213	-	1,213
Total Support Services	**3,302**	**-**	**3,302**	2,077	-	2,077
Total Operating Expenses	**11,608**	**-**	**11,608**	9,139	-	9,139
Excess of Operating Revenues Over Operating Expenses	**3,823**	**408**	**4,231**	1,865	5,619	7,484
Non-Operating Other Income (Loss)						
Net investment income (loss)	**(612)**	**(37)**	**(649)**	284	18	302
Changes in Net Assets	**3,211**	**371**	**3,582**	2,149	5,637	7,786
Net Assets, beginning of year	**11,951**	**7,323**	**19,274**	9,802	1,686	11,488
Net Assets, end of year	$ **15,162**	$ **7,694**	$ **22,856**	$ 11,951	$ 7,323	$ 19,274

See accompanying notes to financial statements.

USTA Foundation Incorporated

Statements of Functional Expenses
(dollars in thousands)

Year ended December 31,

	2022					2021				
		Supporting Services					Supporting Services			
	Program Services	**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Total Expenses**	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Grants and scholarships	**$ 5,362**	**$ -**	**$ -**	**$ -**	**$ 5,362**	$ 5,402	$ -	$ -	$ -	$ 5,402
Travel	**482**	**111**	**228**	**339**	**821**	46	11	63	74	120
Contributed services	**1,242**	**835**	**876**	**1,711**	**2,953**	1,135	732	775	1,507	2,642
Tickets and pavers	**-**	**-**	**288**	**288**	**288**	-	-	110	110	110
In-kind contributions	**13**	**-**	**320**	**320**	**333**	-	-	-	-	-
Professional services	**1,002**	**140**	**309**	**449**	**1,451**	435	75	166	241	676
Other expenses[1]	**205**	**38**	**157**	**195**	**400**	44	46	99	145	189
Total Expenses	**$ 8,306**	**$ 1,124**	**$ 2,178**	**$ 3,302**	**$ 11,608**	$ 7,062	$ 864	$ 1,213	$ 2,077	$ 9,139

[1] Other expenses include programmatic costs for travel to/from for hosting a number of events (learning, training, etc.).
In addition, costs associated with a new West Coast project that will have a significant impact on the mission are embedded in these expenses.

See accompanying notes to financial statements.

USTA Foundation Incorporated

Statements of Cash Flows
(dollars in thousands)

Year ended December 31,	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	$ 3,582	$ 7,786
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Loss on sale of securities, net	-	7
(Decrease) increase in discount on contribution receivable	(15)	54
Net change in unrealized loss (gain) on investments	911	(212)
Changes in operating assets and liabilities:		
Decrease (increase) in contributions receivable	1,783	(5,177)
Decrease (increase) in accounts receivable	103	(27)
Decrease (increase) in prepaid expenses and other assets	24	(19)
Increase in accounts payable and accrued liabilities	492	367
(Decrease) increase in deferred income	(131)	258
(Decrease) increase in scholarships payable	(11)	47
Net Cash Provided by Operating Activities	6,738	3,084
Cash Flows from Investing Activities		
Purchase of investments	(3,412)	(2,143)
Net Cash Used in Investing Activities	(3,412)	(2,143)
Net Increase in Cash and Cash Equivalents	3,326	941
Cash and Cash Equivalents, beginning of year	11,383	10,442
Cash and Cash Equivalents, end of year	$ 14,709	$ 11,383

See accompanying notes to financial statements.

1. Organization

USTA Foundation Incorporated (the Foundation) is a New York not-for-profit corporation organized by the United States Tennis Association Incorporated (USTA), whose purpose is to:

- Provide and support educational activities for under-resourced youth who participate in tennis programs.
- Provide academic and athletic scholarships to under-resourced youth who participate in tennis programs.
- Support the growth of tennis programs for youth in community programs, educational facilities, and public facilities to improve the quality of life, promote good character, responsible citizenship, and good health.
- Support community programs, educational institutions, and public facilities to help foster the development and growth of tennis programs for youth, and tennis education in general.

The USTA is the sole voting member of the Foundation. However, the Foundation's Board of Directors is an independent body whose majority is comprised of non-USTA Board members. It is the responsibility of the Foundation's Board of Directors to help set policy and oversee day-to-day operations of the Foundation.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). Management of the Foundation makes estimates and judgments in preparing financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may vary from the reported results.

2. Summary of Significant Accounting Policies

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 statement of financial position, and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions – This class includes net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation 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 statements of activities. Net assets resulting from contributions and other inflows of assets whose use by the Foundation are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled, or others removed by actions of the Foundation are classified as net assets with donor restrictions - perpetual in nature.

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

Board Designated Net Assets

In addition the Board of Directors designates a portion of general net assets without donor restrictions for specific purposes. Funds designated in 2022 and 2021 of $8,600 and $7,700, respectively, are set aside to fund one year of operating expenses in the event of an emergency (e.g., pandemic) and or to fund programmatic opportunities identified in the strategic plan the Organization is embarking on in 2023. For 2022 and 2021 these amounts are calculated based on statements of activities total expenses of $11,608 and $9,139, respectively, less contributed services expenses (expenses paid directly by USTA for staff compensation and overhead) as shown in the statements of functional expenses of $2,953 and $2,642, respectively.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing program services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents are intended to be used to fulfill existing scholarship liabilities, fund future scholarship awards, and fund tennis and education program grants.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits.

The Foundation's cash and cash equivalent accounts have been placed with high-credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions and Accounts Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Investments

The Foundation has investments in mutual funds, which are invested primarily in investment-grade bonds and equity securities. The Foundation has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service, based on observable market data, and are classified as Level 1 within the fair value hierarchy. Investments in mutual funds are measured at fair value based on quoted market prices in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The three levels of inputs that may be used to measure fair value are:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Inputs to the valuation methodology are other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets.
- Quoted prices for identical or similar assets in non-active markets.
- Inputs other than quoted prices that are observable for the asset/liability.
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Inputs to the valuation methodology are unobservable inputs that cannot be corroborated by observable market data.

The Foundation only has Level 1 inputs.

Contribution Revenue Recognition

Contributions and unconditional promises to give are recorded as revenue when either unsolicited cash or other assets are received or when donors make a promise to give. Contributions and promises to give are classified within public support and revenue as with or without donor restrictions.

Conditional promises to give, including those received under multi-year grant agreements, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Foundation is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as deferred revenue until the conditions have been substantially met or explicitly waived by the donor.

Special events income is reported net of the cost of direct donor benefits. Income and expense are directly attributable to a fundraising activity or event held by the Foundation to raise additional funds other than contributions.

In-Kind Contributions

The Foundation did not receive or recognize in-kind contributions in 2021. In 2022, the Foundation received in-kind contributions of US Open tickets and clothing that were used for Foundation events, Foundation cultivation, distribution to NJTLs and other mission based programs. The Foundation valued these in-kind contributions at what it would cost to procure similar items. In 2022, the Foundation recognized $358 of in-kind revenues for these items and $333 of in-kind expenses for these items as the US Open tickets were used for auctions, cultivation, and programs, and the clothing was distributed to the NJTL Chapters for under-resourced youth. The balance of $25 is included in prepaid other assets as they were not distributed to NJTL chapters in 2022.

Contributed Services

USTA provides program, fundraising, administrative, and other services to the Foundation, as well as the use of certain facilities, without charge. For the years ended December 31, 2022 and 2021, the value of these services and facilities, including expenses for NJTL, totaled $2,953 and $2,642, respectively. The services and facilities included, but were not limited to, salaries, rent/occupancy costs, health and life benefits, and other shared services (accounting, legal, etc.). These contributed services and facilities are reported in the statements of activities as contributed services revenue and offsetting contributed program services, contributed fundraising, and contributed general and administrative expenses. The contributed services relating to salaries and related benefits, and other shared services were valued based on standard industry pricing for similar services and were valued at $2,840 for the year ended December 31, 2022. The contributed services for rent/occupancy costs were valued based on the prevailing fair market value of similar space and were valued at $113 for the year ended December 31, 2022. This disclosure is based on the requirements for recognition of contributed services as stated under U.S. GAAP. For the years ended December 31, 2022 and 2021, there is no cash cost to the Foundation for any contributed services.

All the officers who are not compensated, as well as a number of other volunteers, have contributed significant amounts of time to the Foundation. These financial statements do not reflect a value for these contributed services, as they do not meet the requirements for recognition, under U.S. GAAP.

Methods Used for Allocation of Expenses

The majority of expenses can generally be directly identified with program activities to which they relate and are identified accordingly. Other expenses have been allocated between program services, fundraising, and general and administrative expenses, as determined by management. These expenses include management fees, professional services, and administrative expenses. These expenses are allocated based on the time allocation of staff's salary with 40% allocated to program services, 30% to fundraising, and 30% to administrative expenses.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for income taxes in the accompanying financial statements. The Foundation has filed all applicable returns when required. For the years ended December 31, 2022 and 2021, there were no interest or penalties required to be recorded or disclosed in the financial statements. In addition, the Foundation has not taken an unsubstantiated tax position that would require provision of a liability.

Recently Adopted Accounting Pronouncements

Accounting for Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 income statement. ASU 2020-05 deferred the effective date for this new standard 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. The Foundation adopted the ASU effective January 1, 2022.

The FASB issued ASU 2020-07, *Not-for-Profit Entities (Topics 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, the update to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after

(in thousands)

June 15, 2021 with early adoption permitted. The Foundation adopted the ASU in 2022. The adoption did not have a material impact on the financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use new forward-looking expected loss model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the impact of this ASU on its financial statements.

3. Investments

The following is a summary of investments:

December 31,	**2022**	2021
Investments held for operations:		
Mutual funds	$ **5,632**	$ 3,079
Total Investments Available for Operations	$ **5,632**	$ 3,079
Investments held for donor endowment:		
Mutual funds	$ **268**	$ 320
Total Investments Held for Endowments	$ **268**	$ 320

As of December 31, 2022 and 2021, all investments were considered Level 1 investments.

4. Contributions and Accounts Receivable

Unconditional promises to give are as follows:

December 31,	**2022**	2021
Due within 1 year	$ **1,453**	$ 2,236
Due within 2 to 5 years	**3,000**	4,000
Total Due	**4,453**	6,236
Less: discounts to net present value	**(92)**	(107)
Contributions Receivable	$ **4,361**	$ 6,129

The long-term contribution receivable is discounted at 0.78%.

(in thousands)

As of December 31, 2022 and 2021, the Foundation's accounts receivable consisted of receivables from third parties in the amounts of $30 and $133, respectively.

5. Scholarships Payable

The net present value of the scholarships payable was calculated using a discount rate equal to the risk-free interest rate, which is the U.S. Treasury note interest rate in effect at the time the scholarships payable amounts are paid, equal in duration to the length of time over which the scholarships are expected to be paid.

The following represents future payments due:

Year ending December 31,		
2023	$	284
2024		202
2025		97
Total		583
Net present value discount		(6)
Net Present Value	$	577

6. Net Assets

Net assets with donor restrictions were available for the following purposes:

December 31,		**2022**		2021
College scholarships	**$**	**1,593**	$	1,078
ACE curriculum		**37**		61
Judy Levering Leadership Initiative		**59**		59
Program grants		**565**		479
Tennis training scholarships (Evert)		**196**		137
Excellence program		**279**		158
West Coast Facility Project		**33**		81
Tennis & Education		**750**		-
Restricted for future periods		**3,908**		4,893
Other		**6**		57
		7,426		7,003
Subject to the Foundation's spending policy and appropriation:				
Investments held with donor restrictions, which, once appropriated, are expended to support:				
Scholarships		**(31)**		21
Investments held in perpetuity		**299**		299
Total Net Assets with Donor Restrictions	**$**	**7,694**	$	7,323

(in thousands)

Net assets with donor restrictions were released for the following purposes:

December 31,		2022		2021
Multi-year pledge	$	**985**	$	-
College scholarships		**134**		125
ACE curriculum		**61**		81
Essay Contest		**62**		-
Judy Levering Leadership Initiative		**1**		42
Program grants		**241**		385
Excellence Program		**192**		58
Tennis training scholarships (Evert)		**11**		78
West Coast Project		**48**		-
Other		**135**		1
Total	$	**1,870**	$	770

7. Endowments

The endowment consists of funds that were established to support scholarships. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of the Foundation's endowment is governed by law in New York State based on the New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, amounts are classified in the donor-restricted endowment funds as net assets with donor restrictions because they are subject to time and purpose restrictions that must be met before they can be reclassified to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts designated as donor-restricted, (b) the original value of subsequent gifts designated as donor-restricted, and (c) accumulations to the donor-restricted funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation; (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on the institution; and (8) the Foundation's investment policies.

The donor-restricted assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Triple A rated short-term money market instruments while assuming a minimum level of investment risk. The Foundation appropriates the actual interest income return from the donor-restricted asset and may supplement non-restricted funds for specific scholarship grants. There are no net assets without donor restrictions associated with the donor-restricted funds.

(in thousands)

Endowment net assets composition by type are as follows:

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity	$ -	$ 299	$ 299
Accumulated investment loss	-	(31)	(31)
Total	$	$ 268	$ 268

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity	$ -	$ 299	$ 299
Accumulated investment gain	-	21	21
Total	$ -	$ 320	$ 320

Below are the changes in endowment net assets:

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ -	$ 320	$ 320
Net investment loss		(37)	(37)
Appropriation of endowment assets for expenditures		(15)	(15)
Endowment Net Assets, end of year	$	$ 268	$ 268

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	$ -	$ 317	$ 317
Net investment income	-	18	18
Appropriation of endowment assets for expenditures	-	(15)	(15)
Endowment Net Assets, end of year	$ -	$ 320	$ 320

8. Related Party Transactions

The Foundation is affiliated with USTA by virtue of USTA being its sole voting member. As mentioned in Note 2, USTA provides services and the use of certain facilities to the Foundation, the value of which is estimated to be $2,953 and $2,642 for the years ended December 31, 2022 and 2021, respectively. These contributed services and facilities are reported in the statements of activities as contributed services revenue and offsetting contributed program, contributed fundraising services, and contributed general and administrative expenses.

(in thousands)

9. Liquidity

The following represents the Foundation's financial assets:

December 31,		2022		2021
Cash and cash equivalents	$	**14,709**	$	11,383
Contributions and accounts receivable		**1,483**		2,369
Investments		**5,900**		3,399
Total Financial Assets		**22,092**		17,151
Add: long-term financial assets:				
Contribution receivable, net of discount and current portion		**2,908**		3,893
Less: amounts not available to be used within one year:				
Net assets with donor restrictions		**(7,694)**		(7,323)
Net assets with purpose restrictions to be met in less than a year		**4,511**		3,115
Board designated funds (1)		**(8,600)**		(7,700)
Total Amounts Not Available		**(8,875)**		(8,015)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$	**13,217**	$	9,136

As part of the Foundation's liquidity plan, short-term excess cash is invested in money market mutual funds and long-term cash is invested in stocks and mutual funds, as further described in Note 3.

(1) See Note 2, these funds are available upon Board approval.

10. Subsequent Events

The Foundation has evaluated subsequent events through April 27, 2023, the date these financial statements were available to be issued. No modifications of the financial statements were necessary as a result of the subsequent events evaluation.