

USTA Foundation Incorporated

Financial Statements

Years Ended December 31, 2023 and 2022

USTA Foundation Incorporated

Financial Statements
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USTA Foundation Incorporated

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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, 2023 and 2022, 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, 2023 and 2022, 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 available to be issued.



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, P.C.

April 16, 2024

USTA Foundation Incorporated

Statements of Financial Position (dollars in thousands)

<i>December 31,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,010	\$ 14,709
Investments, at fair value	6,644	5,632
Contributions and accounts receivable	1,364	1,483
Prepaid expenses and other assets	54	25
Total Current Assets	24,072	21,849
Contributions Receivable , net of discount and less current portion	1,931	2,908
Investments Held for Donor Endowment	301	268
Total Assets	\$ 26,304	\$ 25,025
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,585	\$ 1,377
Deferred income	144	215
Current portion of scholarships payable	417	284
Total Current Liabilities	3,146	1,876
Long-Term Scholarships Payable , net of discount and less current portion	592	293
Total Liabilities	3,738	2,169
Commitments and Contingencies (Notes 1, 5, 8, and 10)		
Net Assets		
Without donor restrictions:		
General	2,898	6,562
Board-designated	13,640	8,600
With donor restrictions	6,028	7,694
Total Net Assets	22,566	22,856
Total Liabilities and Net Assets	\$ 26,304	\$ 25,025

See accompanying notes to financial statements.

USTA Foundation Incorporated

Statements of Activities (dollars in thousands)

Year ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues						
Special events inclusive of contributions:						
Special events revenue	\$ 2,911	\$ -	\$ 2,911	\$ 4,136	\$ -	\$ 4,136
Less: direct cost to donors	(808)	-	(808)	(811)	-	(811)
Total Special Events	2,103	-	2,103	3,325	-	3,325
Grants and contributions	8,264	1,233	9,497	6,925	2,278	9,203
Contributed services	4,190	-	4,190	2,953	-	2,953
In-kind contributions	15	-	15	358	-	358
Net assets released from restrictions (Note 6)	2,941	(2,941)	-	1,870	(1,870)	-
Total Operating Revenues	17,513	(1,708)	15,805	15,431	408	15,839
Operating Expenses						
Program services:						
Grants and supporting program expenses	13,992	-	13,992	8,306	-	8,306
Total Program Services	13,992	-	13,992	8,306	-	8,306
Support services:						
General and administrative	1,426	-	1,426	1,124	-	1,124
Fundraising	2,424	-	2,424	2,178	-	2,178
Total Support Services	3,850	-	3,850	3,302	-	3,302
Total Operating Expenses	17,842	-	17,842	11,608	-	11,608
(Deficiency) Excess of Operating Revenues Over Operating Expenses	(329)	(1,708)	(2,037)	3,823	408	4,231
Non-Operating Other Income (Loss)						
Net investment income (loss)	1,705	42	1,747	(612)	(37)	(649)
Changes in Net Assets	1,376	(1,666)	(290)	3,211	371	3,582
Net Assets, beginning of year	15,162	7,694	22,856	11,951	7,323	19,274
Net Assets, end of year	\$ 16,538	\$ 6,028	\$ 22,566	\$ 15,162	\$ 7,694	\$ 22,856

See accompanying notes to financial statements.

USTA Foundation Incorporated

Statements of Functional Expenses

(dollars in thousands)

Year ended December 31,

	2023						2022					
	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	\$ 10,004	\$ -	\$ -	\$ -	\$ 10,004		\$ 5,362	\$ -	\$ -	\$ -	\$ 5,362	
Travel	580	77	235	312	892		482	111	228	339	821	
Contributed services	1,751	1,136	1,303	2,439	4,190		1,242	835	876	1,711	2,953	
Tickets and pavers	-	-	436	436	436		-	-	288	288	288	
In-kind contributions	40	-	-	-	40		13	-	320	320	333	
Professional services	1,425	121	282	403	1,828		1,002	140	309	449	1,451	
Other expenses ⁽¹⁾	192	92	168	260	452		205	38	157	195	400	
Total Expenses	\$ 13,992	\$ 1,426	\$ 2,424	\$ 3,850	\$ 17,842		\$ 8,306	\$ 1,124	\$ 2,178	\$ 3,302	\$ 11,608	

⁽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)

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ (290)	\$ 3,582
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Decrease) in discount on contribution receivable	(23)	(15)
Net change in unrealized (gain) loss on investments	(888)	911
Changes in operating assets and liabilities:		
Decrease in contributions receivable	1,244	1,783
(Increase) decrease in accounts receivable	(125)	103
(Increase) decrease in prepaid expenses and other assets	(29)	24
Increase in accounts payable and accrued liabilities	1,208	492
(Decrease) in deferred income	(71)	(131)
Increase (decrease) in scholarships payable	432	(11)
Net Cash Provided by Operating Activities	1,458	6,738
Cash Flows from Investing Activities		
Purchase of investments	(157)	(3,412)
Net Cash Used in Investing Activities	(157)	(3,412)
Net Increase in Cash and Cash Equivalents	1,301	3,326
Cash and Cash Equivalents, beginning of year	14,709	11,383
Cash and Cash Equivalents, end of year	\$ 16,010	\$ 14,709

See accompanying notes to financial statements.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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,

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

or others removed by actions of the Foundation are classified as net assets with donor restrictions - perpetual in nature. Please see note 7 for endowment related donor restrictions.

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 2023 and 2022 of \$13,640 and \$8,600, 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 Foundation is embarking on in 2024. For 2023 and 2022 these amounts are calculated based on statements of activities total expenses of \$17,806 and \$11,608, respectively, less contributed services expenses (expenses paid directly by USTA for staff compensation and overhead) as shown in the statements of functional expenses of \$4,190 and \$2,953, 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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. 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.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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

U.S. GAAP establishes a 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 the Foundation would use in pricing the Foundation's asset or liability based on independently derived and objectively determinable 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 the Foundation are traded. The Foundation estimates the price of any assets for which there are only unobservable inputs by using assumptions that other market participants that have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the 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 quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. The fair value of such investments is estimated using recently executed transactions; bid/asked prices; and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility.

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.

The Foundation only has Level 1 inputs.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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

In 2023 and 2022, the Foundation received in-kind contributions of US Open tickets and sporting event tickets that were used for the Foundation's events and cultivation. The Foundation valued these in-kind contributions at what it would cost to procure similar items. In 2023 and 2022, the Foundation recognized \$15 and \$358, respectively, of in-kind revenues for these items and \$15 and \$333 of in-kind expenses for these items as the US Open tickets and sporting event tickets were used for auctions and cultivation. In 2022 the balance of \$25 is included in prepaid other assets as they were not distributed to National Junior Tennis League (NJTL) chapters in 2022; there was no balance in 2023.

Contributed Services

USTA provides program, fundraising, administrative, and other services to the Foundation, as well as the use of certain facilities and other administrative expenses, without charge. For the years ended December 31, 2023 and 2022, the value of these services and facilities, including expenses for NJTL, totaled \$4,190 and \$2,953, 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 \$3,609 and \$2,576 for the years ended December 31, 2023 and 2022, respectively. The contributed services for rent/occupancy costs and other administrative expenses were valued based on the prevailing fair market value of similar space and were valued at \$581 and \$377 for the years ended December 31, 2023 and 2022, respectively. This disclosure is based on the requirements for recognition of contributed services as stated under U.S. GAAP. For the years ended December 31, 2023 and 2022, there is no cash cost to the Foundation for any contributed services.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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, 2023 and 2022, 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

Financial Instruments - Credit Losses (Topic 326)

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. The Foundation adopted the ASU effective January 1, 2023 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures, which included loans held for investment and commitments to extend credit (loan commitments and stand-by letters of credit), respectively. The Foundation does not have any securities classified as held to maturity. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, while prior period amounts are reported in accordance with previously applicable U.S. GAAP. There was no impact to the Foundation's financial statements as a result of adopting ASC 326 for the year ended December 31, 2023.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

3. Investments

The following is a summary of investments:

<i>December 31,</i>	2023	2022
Investments held for operations:		
Mutual funds	\$ 6,644	\$ 5,632
Total Investments Available for Operations	\$ 6,644	\$ 5,632
Investments held for donor endowment:		
Mutual funds	\$ 301	\$ 268
Total Investments Held for Endowments	\$ 301	\$ 268

As of December 31, 2023 and 2022, all investments were considered Level 1 investments.

4. Contributions and Accounts Receivable

Unconditional promises to give are as follows:

<i>December 31,</i>	2023	2022
Due within 1 year	\$ 1,209	\$ 1,453
Due within 2 to 5 years	2,000	3,000
Total Due	3,209	4,453
Less: discounts to net present value	(69)	(92)
Contributions Receivable	\$ 3,140	\$ 4,361

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

As of December 31, 2023 and 2022, the Foundation's accounts receivable consisted of receivables from third parties in the amounts of \$155 and \$30, 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.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

The following represents future payments due:

Year ending December 31,

2024	\$	417
2025		347
2026		251
Total		1,015
Net present value discount		(6)
Net Present Value	\$	1,009

6. Net Assets

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

<i>December 31,</i>	2023	2022
College scholarships	\$ 1,475	\$ 1,593
ACE curriculum	4	37
Judy Levering Leadership Initiative	71	59
Program grants	650	565
Tennis training scholarships (Evert)	237	196
Excellence program	96	279
West Coast Facility Project	6	33
Tennis & Education	-	750
Restricted for future periods	2,931	3,908
Tiafoe Fund	250	-
Other	7	6
	5,727	7,426

Subject to the Foundation's spending policy and appropriation:

Investments held with donor restrictions, which, once appropriated, are expended to support:

Scholarships	2	(31)
Investments held in perpetuity	299	299
Total Net Assets with Donor Restrictions	\$ 6,028	\$ 7,694

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USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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

<i>December 31,</i>	2023	2022
Multi-year pledge	\$ 977	\$ 985
College scholarships	610	134
ACE curriculum	37	61
Essay Contest	-	62
Judy Levering Leadership Initiative	59	1
Program grants	438	241
Excellence Program	29	192
Tennis training scholarships (Evert)	-	11
West Coast Project	33	48
Tennis & Education	750	-
Other	8	135
Total	\$ 2,941	\$ 1,870

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.

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

Endowment net assets composition by type are as follows:

Year ended December 31, 2023

	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		-		2	2
Total	\$	-	\$	301	\$ 301

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

Below are the changes in endowment net assets:

Year ended December 31, 2023

	Without Donor Restrictions		With Donor Restrictions		Total
Endowment Net Assets , beginning of year	\$	-	\$	268	\$ 268
Net investment gain				42	42
Appropriation of endowment assets for expenditures		-		(9)	(9)
Endowment Net Assets , end of year	\$	-	\$	301	\$ 301

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

USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

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 \$4,190 and \$2,953 for the years ended December 31, 2023 and 2022, 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.

9. Liquidity

The following represents the Foundation's financial assets:

<i>December 31,</i>	2023	2022
Cash and cash equivalents	\$ 16,010	\$ 14,709
Contributions and accounts receivable	1,364	1,483
Investments	6,945	5,900
Total Financial Assets	24,319	22,092
Add: long-term financial assets:		
Contribution receivable, net of discount and current portion	1,931	2,908
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(6,028)	(7,694)
Net assets with purpose restrictions to be met in less than a year	3,788	4,511
Board designated funds ⁽¹⁾	(13,640)	(8,600)
Total Amounts Not Available	(13,949)	(8,875)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 10,370	\$ 13,217

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

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.

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USTA Foundation Incorporated

Notes to Financial Statements (dollars in thousands)

10. Commitments and Contingencies

West Coast Facility

The Foundation made a pledge of \$5,000 to an independent 501(c)(3) organization for the creation and operation of a transformational youth center supporting access to high-quality academic, athletic and wellness programs in Los Angeles for underserved youth. In 2023 the Foundation made a contribution of \$1,000 leaving the remaining balance of \$4,000 payable as follows:

Year ending December 31,

2024	\$	1,000
2025		1,000
2026		1,000
2027		1,000
Total	\$	4,000

11. Subsequent Events

The Foundation has evaluated subsequent events through April 16, 2024, 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.