

THE ACADEMY OF AMERICAN POETS, INCORPORATED

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Academy of American Poets, Incorporated

Opinion

We have audited the accompanying financial statements of The Academy of American Poets, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Academy of American Poets, Incorporated as of June 30, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Academy of American Poets, Incorporated 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 Academy of American Poets, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Academy of American Poets, Incorporated'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 Academy of American Poets, Incorporated'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.

Lotz + Carr, LLP

New York, New York
February 27, 2025

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Cash and cash equivalents	\$ -	\$ 236,272	\$ 236,272	\$ 89,145	\$ 61,615	\$ 150,760
Accounts receivable and other assets	137,283	-	137,283	164,517	-	164,517
Unconditional promises to give	719,263	3,158,484	3,877,747	169,335	52,000	221,335
Investments, at fair value	1,126,614	12,064,748	13,191,362	1,003,886	10,537,237	11,541,123
Property and equipment, at cost (net of accumulated depreciation and amortization)	3,124	-	3,124	27,656	-	27,656
Interfund receivable	-	258,206	258,206	-	-	-
Operating lease right-of-use asset	1,231,006	-	1,231,006	1,386,277	-	1,386,277
Security deposit	52,618	-	52,618	52,618	-	52,618
Total Assets	\$ 3,269,908	\$15,717,710	\$18,987,618	\$ 2,893,434	\$10,650,852	\$13,544,286
Liabilities and Net Assets						
Liabilities						
Awards and grants payable	\$ 1,324,230	\$ -	\$ 1,324,230	\$ 510,000	\$ -	\$ 510,000
Accounts payable and accrued expenses	337,998	-	337,998	268,363	-	268,363
Interfund payable	258,206	-	258,206	-	-	-
Operating lease liability	1,378,759	-	1,378,759	1,530,437	-	1,530,437
Total Liabilities	3,299,193	-	3,299,193	2,308,800	-	2,308,800
Contingency						
Net Assets (Deficit)						
Without donor restrictions	(29,285)	-	(29,285)	584,634	-	584,634
With donor restrictions	-	15,717,710	15,717,710	-	10,650,852	10,650,852
Total Net Assets	(29,285)	15,717,710	15,688,425	584,634	10,650,852	11,235,486
Total Liabilities and Net Assets	\$ 3,269,908	\$15,717,710	\$18,987,618	\$ 2,893,434	\$10,650,852	\$13,544,286

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets						
Revenue, Gains and Public Support						
Contributions	\$ 629,736	\$ -	\$ 629,736	\$ 745,105	\$ 5,000	\$ 750,105
Donated services	438,120	-	438,120	484,147	-	484,147
Membership dues and non-dues contributions	395,588	-	395,588	581,776	-	581,776
Grants	1,768,424	4,834,568	6,602,992	871,855	20,000	891,855
Benefit event income	155,981	-	155,981	136,726	-	136,726
Award entry fees	62,954	-	62,954	46,856	-	46,856
Net investment income	122,736	1,288,203	1,410,939	208,692	755,684	964,376
Other income	131,605	-	131,605	186,644	-	186,644
Net assets released from restrictions						
Accumulated investment earnings	512,555	(512,555)	-	368,580	(368,580)	-
Time and purpose restrictions	543,358	(543,358)	-	1,522,273	(1,522,273)	-
Transfers from board designated reserves	-	-	-	105,000	-	105,000
Total Revenue, Gains and Public Support	4,761,057	5,066,858	9,827,915	5,257,654	(1,110,169)	4,147,485
Expenses						
Program Services	4,682,454	-	4,682,454	4,998,040	-	4,998,040
Supporting Services						
Fundraising and membership	367,293	-	367,293	449,144	-	449,144
Management and general	300,697	-	300,697	349,623	-	349,623
Total Expenses	5,350,444	-	5,350,444	5,796,807	-	5,796,807
Increase (Decrease) in Net Assets from Operations Before Depreciation and Amortization and Transfers	(589,387)	5,066,858	4,477,471	(539,153)	(1,110,169)	(1,649,322)
Depreciation and amortization expense	(24,532)	-	(24,532)	(28,407)	-	(28,407)
Transfers from board designated reserves to operations	-	-	-	(105,000)	-	(105,000)
Increase (decrease) in net assets	(613,919)	5,066,858	4,452,939	(672,560)	(1,110,169)	(1,782,729)
Net assets, beginning of year	584,634	10,650,852	11,235,486	1,257,194	11,761,021	13,018,215
Net Assets (Deficit), End of Year	\$ (29,285)	\$15,717,710	\$15,688,425	\$ 584,634	\$10,650,852	\$11,235,486

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	2024				2023
	Supporting Services				
	Program Services	Fundraising and Membership	Management and General	Total Expenses	Total Expenses
Salaries and payroll taxes	\$1,124,050	\$ 61,304	\$ 130,589	\$1,315,943	\$1,207,618
Employee benefits	116,885	5,916	13,868	136,669	155,553
Fees to artists	73,215	-	-	73,215	111,176
Awards and grants	2,243,600	-	-	2,243,600	2,547,500
Advertising and printing	462,889	89,500	2,115	554,504	611,942
Dinners and receptions	949	7,009	14,621	22,579	16,237
Occupancy	183,841	10,028	21,358	215,227	212,275
Travel and lodging	41,769	184	606	42,559	57,672
Program fees and consultants	97,326	3,090	-	100,416	40,258
Technical production	46,371	17,559	-	63,930	48,412
Supplies and telephone	19,073	1,261	2,001	22,335	12,315
Professional fees	74,250	8,240	111,007	193,497	285,157
Postage and mailings	73,990	94,109	758	168,857	232,231
Book purchases	15,100	-	33	15,133	12,633
Photography and program supplies	24,725	24,351	11	49,087	67,094
Program development	56,575	-	-	56,575	118,295
Miscellaneous	24,512	40,960	2,851	68,323	53,673
Equipment	3,334	182	387	3,903	4,994
Member benefits	-	3,600	492	4,092	1,772
Total Expenses, 2024	<u>\$4,682,454</u>	<u>\$ 367,293</u>	<u>\$ 300,697</u>	<u>\$5,350,444</u>	
Total Expenses, 2023	<u>\$4,998,040</u>	<u>\$ 449,144</u>	<u>\$ 349,623</u>		<u>\$5,796,807</u>

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

		Supporting Services		
	Program Services	Fundraising and Membership	Management and General	Total Expenses
Salaries and payroll taxes	\$1,021,088	\$ 93,688	\$ 92,842	\$1,207,618
Employee benefits	131,526	12,068	11,959	155,553
Fees to artists	111,176	-	-	111,176
Awards and grants	2,547,500	-	-	2,547,500
Advertising and printing	500,603	109,337	2,002	611,942
Dinners and receptions	4,479	4,140	7,618	16,237
Occupancy	179,487	16,468	16,320	212,275
Travel and lodging	54,651	958	2,063	57,672
Program fees and consultants	35,683	4,575	-	40,258
Technical production	31,030	17,382	-	48,412
Supplies and telephone	10,413	955	947	12,315
Professional fees	74,300	6,817	204,040	285,157
Postage and mailings	78,863	152,933	435	232,231
Book purchases	9,381	1,160	2,092	12,633
Photography and program supplies	39,711	23,532	3,851	67,094
Program development	118,295	-	-	118,295
Miscellaneous	45,382	4,164	4,127	53,673
Equipment	4,223	387	384	4,994
Member benefits	249	580	943	1,772
Total Expenses	<u>\$4,998,040</u>	<u>\$ 449,144</u>	<u>\$ 349,623</u>	<u>\$5,796,807</u>

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 4,452,939	\$(1,782,729)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	24,532	28,407
Net realized (gain) loss on investments	(22,683)	426,983
Net unrealized gain on investments	(1,051,883)	(1,142,324)
Non-cash operating lease expense	155,271	151,057
Contributions for endowment	-	(5,000)
Change in allowance for credit losses	20,000	-
(Increase) decrease in:		
Unconditional promises to give	(3,656,412)	193,135
Accounts receivables and other assets	7,234	(35,162)
Increase (decrease) in:		
Awards and grants payable	814,230	(729,800)
Accounts payable and accrued expenses	69,635	84,095
Operating lease liability	(151,678)	(141,820)
Net Cash Provided (Used) By Operating Activities	<u>661,185</u>	<u>(2,953,158)</u>
Cash Flows From Investing Activities		
Purchase of investments	(4,901,704)	(1,947,146)
Proceeds from sale of investments	4,326,031	4,360,009
Purchase of property and equipment	-	(1,669)
Net Cash Provided (Used) By Investing Activities	<u>(575,673)</u>	<u>2,411,194</u>
Cash Flows From Financing Activities		
Contributions to net assets with donor restrictions for endowment received	<u>-</u>	<u>5,000</u>
Net increase (decrease) in cash and cash equivalents	85,512	(536,964)
Cash and cash equivalents, beginning of year	<u>150,760</u>	<u>687,724</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 236,272</u></u>	<u><u>\$ 150,760</u></u>
Supplemental Disclosure of Non-Cash Investing Activity:		
Operating lease right-of-use asset obtained in exchange for lease liability	<u><u>\$ -</u></u>	<u><u>\$ 1,537,334</u></u>

See notes to financial statements.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Academy of American Poets, Incorporated (the "Academy") was founded in 1934 to support American poets at all stages of their careers and to foster the appreciation of contemporary American poetry. To fulfill this mission, the Academy administers a wide variety of programs, including: Poets.org and Poem-a-Day; National Poetry Month and Poetry and the Creative Mind; the Poet's Forum and other poetry readings and events; American Poet magazine; and several educational outreach programs. The Academy also administers the most important collection of poetry awards in the United States, including: the Wallace Stevens Award, the Academy Fellowship, the Lenore Marshall Poetry Prize, the James Laughlin Award, the Walt Whitman Award, the Raiziss/de Palchi Translation Award, and the Harold Morton Landon Translation Award, as well as student prizes at hundreds of colleges and universities nationwide.

In November 2023, The Andrew W. Mellon Foundation awarded a grant of \$4.5 million to the Academy for continued support of the Poets Laureate Fellowship program over a three-year period.

b - Cash and Cash Equivalents

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

c - Grants, Contributions and Unconditional Promises to Give

The Academy recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance-related or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Academy uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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

d - Current Expected Credit Losses

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Academy separates accounts and receivable into risk pools based on their aging. In determining the amount of the allowance as of the statement of financial position date, the Academy develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

e - Fair Value Measurements

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

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

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

f - Investments

Investments are measured at fair value on a recurring basis.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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

f - Investments (continued)

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized. All other income is recorded as net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

g - Property and Equipment

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

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, all contributions of property and equipment and assets contributed to acquire property and equipment, are recorded as restricted support and released from restriction at the time the related asset is placed in service.

h - Revenue Recognition

The Academy has multiple revenue streams that are accounted for as exchange transactions including award entry fees, and other income, which is primarily comprised of website sales, advertising revenue and royalty income. Revenue from award entry fees is recognized upon receipt of payment and entry form. Revenue from website sales is recognized when the customer takes possession of the merchandise or the merchandise is shipped to the customer. Advertising revenue is recognized when the advertising takes place. Royalty income is recognized when payments are received by the Academy for use of intellectual property.

Membership dues are collected at the commencement of the membership period. Membership dues and non-dues contributions are accounted for as contribution revenue since the value related to the exchange portion of membership benefits is de minimus.

i - Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. Total advertising expense for the years ended June 30, 2024 and 2023 were \$448,611 and \$481,052, respectively, which included donated advertising of \$433,338 and \$469,147, respectively.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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

j - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, the Academy's operating lease liability is initially recorded at the present value of the unpaid lease payments as of the lease commencement date. The Academy's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

k - Financial Statement Presentation

The financial statements of the Academy have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require the Academy to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

l - Use of Estimates

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

m - Tax Status

The Academy of American Poets, Incorporated is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Academy may be subject to income tax on unrelated business income derived from certain advertising income, and a portion of the investment income generated by its limited partnership investments.

THE ACADEMY OF AMERICAN POETS, INCORPORATED**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2024 AND 2023****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - Functional Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial amount of the Academy's expenses are directly related to program activities. Expenses that are allocated include salaries and payroll taxes, employee benefits, advertising and printing, professional fees, insurance, occupancy and other administrative costs, which are allocated based upon estimates of employee time and effort.

o - Subsequent Events

The Academy has evaluated subsequent events through February 27, 2025, the date that the financial statements are considered available to be issued.

p - New Accounting Standard

During 2024, the Academy adopted ASU 2016-13, *Current Expected Credit Losses* ("Topic 326"). The core principles of ASU 2016-13 (the "ASU") significantly change the way organizations recognize credit losses from the incurred loss model to the expected loss model for most financial assets. The financial asset held by the Academy that is subject to the ASU is accounts receivable. The adoption of the ASU did not have a significant impact on net assets.

Note 2 - Information Regarding Liquidity and Availability

The Academy operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. The Academy has a balanced stream of annual revenue, including a diverse range of both earned and contributed sources. The Academy considers general expenditures to consist of all expenses related to ongoing program activities, and the expenses related to fundraising and membership and management and general activities undertaken to support those services.

The Academy regularly monitors liquidity to meet its operating needs and other commitments and obligations while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2 - Information Regarding Liquidity and Availability (continued)

The Academy's financial assets of as of June 30, 2024 and 2023 available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 236,272	\$ 150,760
Unconditional promises to give	3,877,747	221,335
Investments	13,191,362	11,541,123
Accounts receivable	<u>121,696</u>	<u>113,324</u>
Total Financial Assets	17,427,077	12,026,542
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for future programs or periods	(5,572,943)	(1,154,485)
Plus: Net assets with restrictions expected to be met in less than one year	4,094,231	821,865
Net asset with donor restrictions for endowment subject to spending policy and appropriation	(10,144,767)	(9,496,367)
Plus: Amount appropriated for use within one year	512,555	368,580
Board designated reserves	<u>(99,784)</u>	<u>(99,784)</u>
Financial Assets Available to meet General Expenditures within One Year	<u>\$ 6,216,369</u>	<u>\$ 2,466,351</u>

In addition to these financial assets available within one year, the Academy's board designated reserves could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3 - Restrictions on Assets

a - Net Assets

Net assets at June 30 are summarized as follows:

	2024			2023
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Operating	<u>\$(129,069)</u>	<u>\$ -</u>	<u>\$ (129,069)</u>	<u>\$ 484,850</u>
Board designated reserves	<u>99,784</u>	<u>-</u>	<u>99,784</u>	<u>99,784</u>
Endowed Programs - Subject to spending policy and appropriation, including investment in perpetuity of \$4,756,963 (2024) \$4,756,963 (2023):				
Wallace Stevens Award	-	4,054,449	4,054,449	3,795,310
Lenore Marshall Poetry Prize	-	1,731,990	1,731,990	1,621,290
James Laughlin Award	-	1,061,033	1,061,033	993,218
University and College Poetry Prizes	-	1,238,390	1,238,390	1,159,238
American Poets Grants	-	286,102	286,102	267,816
Harold Taylor Fund - High School Poetry Workshops and College Prizes	-	52,829	52,829	49,452
Landon Translation Award	-	52,823	52,823	49,448
Donald Everett Axinn Fellowship	-	100,529	100,529	94,104
Ford Foundation operating endowment	-	741,497	741,497	694,104
Merrill endowment	-	708,209	708,209	662,943
College Prize Anthology Fund	-	74,836	74,836	70,053
Poetry Forum Fund	-	42,080	42,080	39,391
	<u>-</u>	<u>10,144,767</u>	<u>10,144,767</u>	<u>9,496,367</u>
Subject to expenditure for future programs and periods:				
Operating - future periods	-	35,000	35,000	15,000
National Poetry Month & Poem-A Day	-	11,250	11,250	20,000
Hawthornden Literary Retreat	-	423,215	423,215	540,900
Poets Laureate Fellowship program	-	3,167,812	3,167,812	-
Capacity Building and Poetry Coalition	-	1,160,740	1,160,740	166,910
Scholarships	-	29,960	29,960	39,980
Chancellor's Fund	-	10,416	10,416	11,950
Grants	-	659,486	659,486	310,620
Italian Translation	-	51,516	51,516	16,125
Tree House Poetry Prize	-	23,548	23,548	33,000
	<u>-</u>	<u>5,572,943</u>	<u>5,572,943</u>	<u>1,154,485</u>
Total, June 30, 2024	<u>\$ (29,285)</u>	<u>\$15,717,710</u>	<u>\$15,688,425</u>	
Total, June 30, 2023	<u>\$ 584,634</u>	<u>\$10,650,852</u>		<u>\$11,235,486</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3 - Restrictions on Assets (continued)

b - Net Assets Without Donor Restrictions - Board Designated Reserves

The Academy maintains board designated reserves established from various sources, including the proceeds of the sale of the library collection originally donated by Marie Bullock, as well as specific other bequests, grants and other contributions. Amounts are added to or appropriated from the reserves at the discretion of the Board of Directors.

c - Net Assets With Donor Restrictions

Net assets with donor restrictions for future programs and periods represent grants and contributions, as well as accumulated investment income, restricted in accordance with donor designations.

Net assets with donor restrictions for endowed programs are restricted by donors to specific programs of the Academy, or for its operations as indicated by each donor. The income earned on the principal is subject to the Academy's investment and spending policies (Note 6).

Note 4 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2024 and 2023 are due as follows:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Less than one year	\$719,263	\$1,721,702	\$2,440,965
One to three years	-	1,500,000	1,500,000
	719,263	3,221,702	3,940,965
Less: Discount to present value	-	(63,218)	(63,218)
	<u>\$719,263</u>	<u>\$3,158,484</u>	<u>\$3,877,747</u>
	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Less than one year	\$169,335	\$52,000	\$221,335

Contributions receivable due after one year are discounted to net present value using a 4% discount rate. Uncollectible contributions receivable are expected to be insignificant.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 5 - Investments

Investments consist of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Mutual funds - fixed income	\$ 7,295,070	\$ 6,766,268	\$ 5,433,478	\$ 4,891,110
Mutual funds - equities	<u>5,759,256</u>	<u>6,425,094</u>	<u>7,022,492</u>	<u>6,650,013</u>
	<u>\$13,054,326</u>	<u>\$13,191,362</u>	<u>\$12,455,970</u>	<u>\$11,541,123</u>

As of June 30, 2024 and 2023, concentrations of the Academy's investments in excess of 10% of the fair value of its portfolio consisted of one mutual fund representing approximately 23% and 16%, respectively, of the total portfolio.

Net investment income for the years ended June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Interest and dividends	\$ 336,373	\$ 249,035
Realized gain (loss) on sale of investments	22,683	(426,983)
Unrealized gain on investments	<u>1,051,883</u>	<u>1,142,324</u>
	1,410,939	964,376
Less: Investment gain with donor restrictions	<u>(1,288,203)</u>	<u>(755,684)</u>
Net Investment Gain Without Donor Restrictions	<u>\$ 122,736</u>	<u>\$ 208,692</u>

The following summarizes the Academy's investments by Level within the fair value hierarchy used to measure their fair values at June 30, 2024 and 2023 as follows:

	2024			
	Total	Level 1	Level 2	Level 3
Mutual funds - fixed income	\$ 6,766,268	\$ 6,766,268	\$ -	\$ -
Mutual funds - equities	<u>6,425,094</u>	<u>6,425,094</u>	<u>-</u>	<u>-</u>
	<u>\$13,191,362</u>	<u>\$13,191,362</u>	<u>\$ -</u>	<u>\$ -</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 5 - Investments (continued)

	2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds - fixed income	\$ 4,891,110	\$ 4,891,110	\$ -	\$ -
Mutual funds - equities	<u>6,650,013</u>	<u>6,650,013</u>	<u>-</u>	<u>-</u>
	<u><u>\$11,541,123</u></u>	<u><u>\$11,541,123</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note 6 - Endowment Funds

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Academy classifies as net assets with donor restrictions for investment in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as for investment in perpetuity is classified as investment income above original gift amount until these amounts are appropriated for expenditure by the Academy.

In accordance with NYPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Academy's endowment funds are included in net assets with donor restrictions and are summarized at June 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Investment income above original gift amount	\$ 5,387,804	\$4,739,404
Investment in perpetuity	<u>4,756,963</u>	<u>4,756,963</u>
	<u><u>\$10,144,767</u></u>	<u><u>\$9,496,367</u></u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 6 - Endowment Funds (continued)

Changes in the Academy's endowment funds for the years ended June 30, 2024 and 2023 are summarized as follows:

	2024		
	<u>With Donor Restrictions</u>		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning year	\$4,739,404	\$4,756,963	\$ 9,496,367
Net investment gain	1,160,955	-	1,160,955
Appropriations based on satisfaction of donor restrictions	<u>(512,555)</u>	<u>-</u>	<u>(512,555)</u>
Endowment Funds, End of Year	<u>\$5,387,804</u>	<u>\$4,756,963</u>	<u>\$10,144,767</u>

	2023		
	<u>With Donor Restrictions</u>		
	Investment Income Above Original Gift Amount	Investment in Perpetuity	Total
Endowment funds, beginning year	\$4,438,500	\$4,751,963	\$9,190,463
Net investment gain	669,484	-	669,484
Contribution received	-	5,000	5,000
Appropriations based on satisfaction of donor restrictions	<u>(368,580)</u>	<u>-</u>	<u>(368,580)</u>
Endowment Funds, End of Year	<u>\$4,739,404</u>	<u>\$4,756,963</u>	<u>\$9,496,367</u>

The fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be retained as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024 or 2023.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 6 - Endowment Funds (continued)

The Academy has adopted investment and spending policies for long-term endowment assets that attempt to maintain purchasing power by achieving a rate of return that equals the rate of inflation added to the rate of annual distributions. Long-term endowment assets are defined as funds that will not be needed for at least three years. Funds that will be needed within three years are defined as short-term endowment assets and will be liquid and their objective will be to preserve principal, and as such, short-term investments will be limited to institutional money market funds and investment-grade bond funds. To satisfy its long-term rate-of-return objectives, the Academy relies on setting a target rate of total return to be achieved with the least possible risk. Investments will not be undertaken unless their risk, or the combined risk of the entire portfolio, is commensurate with the least risk implied by achieving the target return. Investments will be allocated across asset classes so as to achieve the target return with the least possible risk.

The Academy's endowment comprises restricted funds that are used to support particular programs or functions in accordance with the designation of the funds' donors. Management will endeavor to keep the annual spending rate of the funds below 4.5% of the average of the previous five year's market value of endowment assets in accordance with the Academy's investment policy.

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2024</u>	<u>2023</u>
Leasehold improvements	Life of lease	\$ 45,298	\$ 45,298
Equipment, furniture and fixtures	5-10 years	67,097	67,097
Website	5 years	<u>122,291</u>	<u>122,291</u>
		234,686	234,686
Less: Accumulated depreciation and amortization		<u>(231,562)</u>	<u>(207,030)</u>
		<u>\$ 3,124</u>	<u>\$ 27,656</u>

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 8 - Current Expected Credit Losses

Changes in the allowance for rent receivable credit losses for the year ended June 30, 2024 are as follows:

Balance, beginning of year	\$ -
Current year credit losses	<u>20,000</u>
Balance, End of Year	<u>\$20,000</u>

Note 9 - Donated Services

The Academy received the following donated services during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Advertising	\$433,338	\$469,147
Legal	1,033	-
Consulting	<u>3,749</u>	<u>15,000</u>
	<u>\$438,120</u>	<u>\$484,147</u>

The donated services were utilized for the Academy's programs and supporting services, and the values were provided by the donors based on current market rates for similar services.

Note 10 - Operating Lease Liability

The Academy occupies office space under a lease with an original expiration date of May 31, 2021. In December 2019, the Academy's lease was renewed with a new maturity date of June 30, 2031. The lease requires annual base rental payments ranging from \$182,640, at renewal, to \$238,304 in the final year 2031. In addition to base rent, the Academy is required to pay additional rents which include its proportionate share of electricity and real estate taxes.

Operating lease expense for the years ended June 30, 2024 and 2023 was \$197,356 and \$197,356, respectively. There were no variable lease costs incurred. As of June 30, 2024, the remaining term of the Foundation's operating lease is eighty-four months, and the discount rate is 2.88%.

THE ACADEMY OF AMERICAN POETS, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 10 - Operating Lease Liability (continued)

Maturities of the Organization's operating lease liability as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 199,576
2026	205,563
2027	211,730
2028	218,082
2029	224,624
Thereafter, through June 30, 2031	<u>469,667</u>
	1,529,242
Less: Amount attributable to interest	<u>(150,483)</u>
	<u><u>\$1,378,759</u></u>

Note 11 - Contingency

Government supported programs are subject to audit by the applicable granting agency.

Note 12 - Defined Contribution Plan

The Academy has a 403(b) tax deferred annuity plan. The Academy contributes 6% of an eligible employee's salary to the plan. Total expenses under the plan were \$28,690 and \$39,678 for the years ended June 30, 2024 and 2023, respectively.

Note 13 - Concentrations

- a - The Academy maintains cash accounts in financial institutions in New York City. Certain balances are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation.
- b - During 2024, the Academy received 74% of its contributions from one foundation. During 2023, the Academy received 35% of its contributions from one foundation and one corporation. Amounts due from one foundation represented approximately 90% of unconditional promises to give at June 30, 2024. Amounts due from one government agency, two corporations and one individual represented approximately 74% of unconditional promises to give at June 30, 2023.