EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2025 AND 2024

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

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LUTZ AND CARR
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Education Through Music, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Education Through Music, Inc. and Subsidiary, nonprofit organizations (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Education Through Music, Inc. and Subsidiary as of June 30, 2025 and 2024, and the changes in their net assets and their 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 Organization 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

LUTZ AND CARR
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Report on Supplementary Information

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

Lutz + Carr, LLP

New York, New York
April 30, 2026

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	2025	2024
Assets		
Cash and cash equivalents	$1,414,778	$2,660,754
Investments	1,346,762	1,751,020
Unconditional promises to give		
Without donor restrictions	915,992	1,161,307
With donor restrictions	176,381	-
Accounts receivable, net of allowance for expected credit losses of $30,879 (2025) and $25,198 (2024)	860,130	700,635
Note receivable	-	75,000
Prepaid expenses	1,854	26,856
Operating lease right-of-use asset	1,347,383	1,508,915
Property and equipment, at cost, net of accumulated depreciation	40,646	50,947
Security deposit	34,562	34,562
Total Assets	$6,138,488	$7,969,996
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 285,167	$ 339,082
Operating lease liability	1,382,371	1,521,253
Deferred revenue	5,493	-
Total Liabilities	1,673,031	1,860,335
Commitments and Contingency		
Net Assets		
Without Donor Restrictions		
Operating	2,001,613	2,705,672
ETM Special Fund	837,463	763,989
Total Without Donor Restrictions	2,839,076	3,469,661
With Donor Restrictions	1,626,381	2,640,000
Total Net Assets	4,465,457	6,109,661
Total Liabilities and Net Assets	$6,138,488	$7,969,996

See notes to consolidated financial statements.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Revenues and Other Support		
Contributions	$1,698,319	$2,308,461
Benefit and event income	812,985	914,261
Less: Direct fundraising costs	(252,474)	(156,366)
Program income	1,985,156	1,738,873
Donated materials and services	130,283	165,087
Interest and dividend income	121,340	151,619
Realized gain on investments	80,011	37,465
Unrealized gain (loss) on investments	(21,181)	15,059
Miscellaneous income	1,255	6,820
	4,555,694	5,181,279
Net assets released from restrictions		
Satisfaction of time and program restrictions	1,240,000	390,000
Total Revenues and Other Support	5,795,694	5,571,279
Expenses		
Program Services		
New York	4,924,087	4,346,783
National	32,500	105,116
Total Program Services	4,956,587	4,451,899
Supporting Services		
Management and general	652,839	429,480
Fundraising	816,853	941,199
Total Supporting Services	1,469,692	1,370,679
Total Expenses	6,426,279	5,822,578
Decrease in Net Assets Without Donor Restrictions	(630,585)	(251,299)
Changes in Net Assets With Donor Restrictions		
Contributions	226,381	2,640,000
Net assets released from restrictions	(1,240,000)	(390,000)
Increase (Decrease) in Net Assets With Donor Restrictions	(1,013,619)	2,250,000
Increase (decrease) in net assets	(1,644,204)	1,998,701
Net assets, beginning of year	6,109,661	4,110,960
Net Assets, End of Year	$4,465,457	$6,109,661

See notes to consolidated financial statements.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025						2024					
	Program Services			Supporting Services			Program Services			Supporting Services		
	New York	National	Total	Management and General	Fundraising	Total Expenses	New York	National	Total	Management and General	Fundraising	Total Expenses
Salaries and related costs	$3,849,438	$30,045	$3,879,483	$ 195,916	$ 463,654	$4,539,053	$3,375,700	$101,000	$3,476,700	$ 118,552	$ 593,232	$4,188,484
Contracted services	491,810	942	492,752	260,733	278,388	1,031,873	424,175	1,254	425,429	180,563	217,388	823,380
Non-personnel expenses	264,188	1,513	265,701	15,629	31,258	312,588	184,651	2,545	187,196	2,401	79,598	269,195
Facility and equipment	221,433	-	221,433	13,025	26,051	260,509	215,717	-	215,717	10,536	31,357	257,610
Travel and meetings	12,839	-	12,839	190	6,999	20,028	25,899	317	26,216	-	2,042	28,258
Credit losses	-	-	-	162,415	-	162,415	-	-	-	112,484	-	112,484
Insurance	36,554	-	36,554	2,150	4,301	43,005	34,147	-	34,147	1,722	5,124	40,993
Advertising	26,836	-	26,836	-	-	26,836	24,303	-	24,303	1,144	3,407	28,854
Other expenses	206	-	206	1,559	3,757	5,522	27,684	-	27,684	338	3,873	31,895
Total expenses before depreciation	4,903,304	32,500	4,935,804	651,617	814,408	6,401,829	4,312,276	105,116	4,417,392	427,740	936,021	5,781,153
Depreciation	20,783	-	20,783	1,222	2,445	24,450	34,507	-	34,507	1,740	5,178	41,425
Total Expenses	$4,924,087	$32,500	$4,956,587	$ 652,839	$ 816,853	$6,426,279	$4,346,783	$105,116	$4,451,899	$ 429,480	$ 941,199	$5,822,578

See notes to consolidated financial statements.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$(1,644,204)	$ 1,998,701
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Non-cash operating lease expense	161,532	279,122
Depreciation expense	24,450	41,425
Credit losses	162,415	112,484
Donated securities	(170,534)	(82,977)
Net realized and unrealized gains on investments	(58,830)	(52,524)
(Increase) decrease in:		
Unconditional promises to give	21,934	106,119
Accounts receivable	(274,910)	(512,486)
Note receivable	75,000	(75,000)
Prepaid expenses	25,002	(5,561)
Increase (decrease) in:		
Accounts payable and accrued expenses	(53,915)	108,096
Deferred revenue	5,493	-
Operating lease liability	(138,882)	(317,624)
Net Cash Provided (Used) By Operating Activities	(1,865,449)	1,599,775
Cash Flows From Investing Activities		
Purchase of equipment	(14,149)	(45,164)
Purchase of investments	(2,557,635)	(1,574,717)
Sale of investments	3,191,257	656,143
Net Cash Provided (Used) By Investing Activities	619,473	(963,738)
Net increase (decrease) in cash and cash equivalents	(1,245,976)	636,037
Cash and cash equivalents, beginning of year	2,660,754	2,024,717
Cash and Cash Equivalents, End of Year	$ 1,414,778	$ 2,660,754

Supplemental Disclosure of Non-Cash Investing Activities:

	2025	2024
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ -	$ 1,587,396

See notes to consolidated financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Education Through Music, Inc. ("ETM, Inc.") partners with under-resourced schools to provide music as a core subject for all children and utilizes music education as a catalyst to improve academic achievement, motivation for school and self-confidence.

Due to the continued success of ETM, Inc. in New York, along with the success of licensed ETM, Inc. affiliate organizations in Los Angeles, Denver, and Boston, the community of ETM, Inc. affiliate organizations and stakeholders determined that it was in the best interests of the ETM, Inc. mission and work to establish a new national organization to develop and support ETM, Inc. programming and activities, both on the local and national level, and to coordinate local ETM, Inc. activities and operations, in each case in a cohesive, consistent manner that both reflects and builds on ETM, Inc.'s work while simultaneously serving the priorities of local ETM, Inc. affiliate organizations and their communities. To that end, Education Through Music USA, Inc. ("ETM-USA") was formed on February 1, 2022. In this role, ETM-USA plans to develop and manage curricula and other intellectual property for the ETM, Inc. network and to conduct related support and activities that further its mission of promoting musical education in disadvantaged communities throughout the United States. While the founding ETM-USA board is made up of three ETM, Inc. board members, it is ETM-USA's intention to develop a board that is independent of any other ETM, Inc. affiliates as soon as practicable. In January 2023, ETM-USA received an Internal Revenue Service determination letter recognizing it as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), effective February 1, 2022. ETM-USA commenced operations during the year ended June 30, 2023.

b - Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ETM, Inc. and ETM-USA (collectively, the "Organization" or "ETM"). All significant intercompany transactions and accounts have been eliminated in consolidation.

c - Cash and Cash Equivalents

The Organization considers all short-term highly-liquid investments, such as money market funds, to be cash equivalents, except for cash awaiting investment.

d - Investments

The Organization reflects investments at fair value in the consolidated statements of financial position. Unrealized gains and losses on investments are reflected in the consolidated statements of activities. Interest, gains and losses on investments are reflected in the consolidated 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. Investment income restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

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

e - Fair Value Measurements

The Organization is required to use a framework for measuring fair value and make certain disclosures about fair value measurements. Fair value is a market-based measurement, not an entity-specific measurement, and is based on a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurement is disclosed by level within that hierarchy.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore, valuation estimates may differ from the value realized upon disposition of individual positions.

f - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future, 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 contributions are 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.

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

f - Contributions and Unconditional Promises to Give (continued)
The Organization uses the allowance method to determine uncollectible promises to give. The determination of whether an allowance is necessary is based on prior years' experience and management's analysis of specific promises made.

g - Financial Statement Presentation
The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization 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 Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

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

h - Property and Equipment
Property and equipment are capitalized at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized on a straight-line basis over the life of the lease.

i - Operating Lease Right-of-Use Asset and Operating Lease Liability
For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments as of lease commencement date. The Organization'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.

j - Revenue Recognition
The Organization's program income is recognized at a point in time when the programs take place. The timing of billings, cash collections and revenue recognition may result in contract assets and contract liabilities reported in the consolidated statements of financial position. Contract assets consist of accounts receivable. Contract liabilities consist of deferred revenue that results when the Organization receives advance payments from customers before revenue is recognized.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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

k - Estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Tax Status
ETM, Inc. and ETM-USA are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been designated as organizations which are not a private foundation.

m - Subsequent Events
The Organization has evaluated subsequent events through April 30, 2026, the date that the consolidated financial statements are considered available to be issued.

n - Functional Allocation of Expenses
The consolidated 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 portion of the Organization's expenses are directly related to program activities, which are made up of educational and music programs. The expenses that are allocated include depreciation, interest, insurance, general office expenses, and occupancy costs, which are allocated on a basis of time and effort.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of program revenue and contribution revenue raised during the current year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization 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 maintains liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in cash, money market funds, or other short-term investments.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of June 30, 2025 and 2024 available to meet cash needs for general expenditures within one year are summarized as follows:

	2025	2024
Financial Assets at Year End:		
Cash and cash equivalents	$1,414,778	$2,660,754
Investments	1,346,762	1,751,020
Unconditional promises to give	1,092,373	1,161,307
Accounts receivable	860,130	700,635
Note receivable	-	75,000
Total Financial Assets	4,714,043	6,348,716
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,626,381)	(2,640,000)
Plus: Net assets with donor restrictions expected to be met in less than one year	850,000	750,000
Less: ETM, Inc. Special Fund	(837,463)	(763,989)
Financial Assets Available to Meet General Expenditures within One Year	$3,100,199	$3,694,727

In addition to these financial assets available within one year, the Organization maintains the ETM, Inc. Special Fund of $837,463 included with investments, to promote its financial stability. These amounts could be made available to meet cash needs at the discretion of the Board (Note 7).

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for future programs and periods.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 4 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2025 and 2024 are due in less than one year. Uncollectible promises to give are expected to be insignificant.

	2025	2024
Due in less than one year	$ 965,992	$1,161,307
Due in one to five years	150,000	-
	1,115,992	1,161,307
Less: Discount to present value	(23,619)	-
	$1,092,373	$1,161,307

The Organization received 85% of its unconditional promises to give from two government agencies and a foundation during the year ended June 30, 2025. The Organization received 32% of its unconditional promises to give from a government agency and a foundation during the year ended June 30, 2024.

Note 5 - Investments

A summary of the Organization's investments by Level within the fair value hierarchy is as follows as of June 30:

	2025		
	Fair Value	Level 1	Level 2
Mutual funds:			
Fixed income funds	$ 190,254	$190,254	$ -
Equity funds	454,752	454,752	-
Certificates of deposit	509,299	-	509,299
Cash awaiting investment	192,457	192,457	-
Total Investments in Fair Value Hierarchy	$1,346,762	$837,463	$509,299

	2024		
	Fair Value	Level 1	Level 2
Mutual funds:			
Fixed income funds	$ 174,151	$174,151	$ -
Equity funds	178,649	178,649	-
Exchange traded funds	228,083	228,083	-
Certificates of deposit	987,031	-	987,031
Cash awaiting investment	183,106	183,106	-
Total Investments in Fair Value Hierarchy	$1,751,020	$763,989	$987,031

Note 5 - Investments (continued)

The cost of investments at June 30, 2025 and 2024 was $1,340,438 and $1,723,515, respectively.

Net investment gain consists of the following for the years ended June 30:

	2025	2024
Interest and dividends	$121,340	$151,619
Net realized gain	80,011	37,465
Net unrealized gain (loss)	(21,181)	15,059
	$180,170	$204,143

Note 6 - Note Receivable

As of June 30, 2024, ETM, Inc. had a note receivable totaling $75,000, which was secured by the borrower's real estate and bore interest at 4.35% per annum. This note receivable was to be paid during the year ended June 30, 2025, in 6 equal and consecutive monthly installments, followed by a final installment for the remaining balance on December 31, 2025, including any accrued interest. The note was fully repaid in advance of its maturity during the year ended June 30, 2025.

Note 7 - ETM, Inc. Special Fund

The Organization established the ETM, Inc. Special Fund (the "Fund") to promote its financial stability. The Fund consists of money allocated by the Board of Directors (the "Board") together with contributions and any net earnings from the Fund. Any withdrawals must be authorized by a supermajority vote of the Board if in excess of 5% of the average value of the Fund as of December 31 of the previous three years. Short-term borrowings by ETM, Inc. from the Fund may be made with the approval of the Executive Committee to meet unanticipated financial emergencies.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 8 - Current Expected Credit Losses

Changes in the allowance for accounts receivable credit losses for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Balance, beginning of year	$25,198	$ -
Current year credit adjustment	5,681	25,198
Balance, End of Year	$30,879	$25,198

Accounts receivable is presented net of allowance for credit losses on the statement of financial position.

Note 9 - Property and Equipment

Property and equipment consist of the following as of June 30:

	Life	2025	2024
Musical instruments	5 years	$111,646	$111,646
Furniture and equipment	3-5 years	54,225	54,225
Leasehold improvements	Life of lease	5,900	5,900
Logo design/website upgrades	5 years	124,413	110,264
Salesforce software development	5 years	178,857	178,857
		475,041	460,892
Less: Accumulated depreciation		(434,395)	(409,945)
		$ 40,646	$ 50,947

Note 10 - Operating Lease Liability

The Organization entered into a lease agreement for office space which expires on June 30, 2032. There were no variable lease costs incurred. As of June 30, 2025, the remaining term of the Organization's operating lease is eighty-four months, and the discount rate is 4.51%.

Note 10 - Operating Lease Liability (continued)

Future minimum annual rent payments are as follows:

Year Ending June 30,	
2026	$ 208,760
2027	212,936
2028	217,193
2029	231,872
2030	246,844
Thereafter, through June 2032	508,598
	1,626,203
Less: Amount attributable to interest	(243,832)
	$1,382,371

Operating lease expense for the years ended June 30, 2025 and 2024 was $232,414 and $244,194, respectively.

Note 11 - Contingency

Government supported projects are subject to audit by the granting agency.

Note 12 - Retirement Plan

The Organization has a voluntary salary reduction tax deferred annuity plan for the benefit of all qualifying employees. The Organization can make a discretionary matching contribution. The Organization did not make a matching contribution to the plan in 2025 or 2024.

Note 13 - Concentrations

a - The Organization maintains its cash and cash equivalent balances in three financial institutions located in New York. From time to time, balances may exceed the Federal Depository Insurance Corporation limit.

Note 13 - Concentrations (continued)

b - The Organization received 38% of its total contributions from two government agencies and a foundation during the year ended June 30, 2025. The Organization received 58% of its total contributions from a foundation during the year ended June 30, 2024.

Note 14 - Donated Materials and Services

During the years ended June 30, 2025 and 2024, the Organization received donated legal services of $130,283 and $165,087, respectively.

Donated legal services are utilized in connection with the Organization's program and administrative supporting services and were valued by the service provider based on current rates of similar legal services.

SUPPLEMENTARY INFORMATION

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

	Education Through Music, Inc.	Education Through Music USA, Inc.	Consolidating Entries	Consolidated Totals
Assets				
Cash and cash equivalents	$1,414,778	$ -	$ -	$ 1,414,778
Investments	1,346,762	-	-	1,346,762
Unconditional promises to give				
Without donor restrictions	915,992	-	-	915,992
With donor restrictions	176,381	-	-	176,381
Accounts receivable, net of allowance for expected credit losses of $30,879	840,130	20,000	-	860,130
Note receivable	-	-	-	-
Due from Education Through Music USA, Inc.	187,528	-	(187,528)	-
Prepaid expenses	1,854	-	-	1,854
Operating lease right-of-use asset	1,347,383	-	-	1,347,383
Property and equipment, at cost, net of accumulated depreciation	40,646	-	-	40,646
Security deposit	34,562	-	-	34,562
Total Assets	$6,306,016	$ 20,000	$ (187,528)	$ 6,138,488
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$ 285,167	$ -	$ -	$ 285,167
Due to Education Through Music, Inc.	-	187,528	(187,528)	-
Operating lease liability	1,382,371	-	-	1,382,371
Deferred Rent	5,493	-	-	5,493
Total Liabilities	1,673,031	187,528	(187,528)	1,673,031
Commitments and Contingency				
Net Assets (Deficit)				
Without Donor Restrictions				
Operating	2,169,141	(167,528)	-	2,001,613
ETM Special Fund	837,463	-	-	837,463
Total Without Donor Restrictions	3,006,604	(167,528)	-	2,839,076
With Donor Restrictions	1,626,381	-	-	1,626,381
Total Net Assets (Deficit)	4,632,985	(167,528)	-	4,465,457
Total Liabilities and Net Assets (Deficit)	$6,306,016	$ 20,000	$ (187,528)	$ 6,138,488

See independent auditors' report.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Education Through Music, Inc.	Education Through Music USA, Inc.	Consolidating Entries	Consolidated Totals
Changes in Net Assets Without Donor Restrictions				
Revenues and Other Support				
Contributions	$1,698,319	$ -	$ -	$ 1,698,319
Benefit and event income	812,985	-	-	812,985
Less: Direct fundraising costs	(252,474)	-	-	(252,474)
Program income	1,952,656	32,500	-	1,985,156
Donated materials and services	130,283	-	-	130,283
Interest and dividend income	121,340	-	-	121,340
Realized gain on investments	80,011	-	-	80,011
Unrealized loss on investments	(21,181)	-	-	(21,181)
Miscellaneous income	1,255	-	-	1,255
	4,523,194	32,500	-	4,555,694
Net assets released from restrictions				
Satisfaction of time and program restrictions	1,240,000	-	-	1,240,000
Total Revenues and Other Support	5,763,194	32,500	-	5,795,694
Expenses				
Program Services	4,924,087	32,500	-	4,956,587
Supporting Services				
Management and general	652,839	-	-	652,839
Fundraising	816,853	-	-	816,853
Total Supporting Services	1,469,692	-	-	1,469,692
Total Expenses	6,393,779	32,500	-	6,426,279
Decrease in Net Assets Without Donor Restrictions	(630,585)	-	-	(630,585)
Changes in Net Assets With Donor Restrictions				
Contributions	226,381	-	-	226,381
Net assets released from restrictions	(1,240,000)	-	-	(1,240,000)
Decrease in Net Assets With Donor Restrictions	(1,013,619)	-	-	(1,013,619)
Decrease in net assets	(1,644,204)	-	-	(1,644,204)
Net assets (deficit), beginning of year	6,277,189	(167,528)	-	6,109,661
Net Assets (Deficit), End of Year	$4,632,985	$ (167,528)	$ -	$ 4,465,457

See independent auditors' report.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Education Through Music, Inc. and Subsidiary

We have audited the consolidated financial statements of Education Through Music, Inc. and Subsidiary as of June 30, 2025 and 2024, and our report thereon dated April 30, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedules of Unconditional Promises to Give and Net Assets With Donor Restrictions as of June 30, 2025 and 2024 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Lutz + Carr, LLP

New York, New York
April 30, 2026

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULES OF UNCONDITIONAL PROMISES TO GIVE

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Without Donor Restrictions		
Federal relief grant - Employee retention tax credit	$ 227,020	$ 559,088
New York State Assembly	525,000	175,000
NYC Department of Cultural Affairs	65,510	59,029
Benevity	4,031	27,579
Manoj Susarla	10,409	27,500
CBRE	25,000	-
Mary Joe Kaplan	20,000	-
Inner Circle	15,000	-
Classy	8,762	-
ABM Industries	5,000	-
Mohawk Group	4,500	-
Julia Ann Murphy	2,500	-
Jean Rabunski	1,200	-
Steven Lewis	1,000	-
Polsky Sports and Entertainment	770	-
Ann Kern	100	-
Give Lively Foundation	99	-
Stripe	91	-
Department of Youth & Community Development	-	47,000
Alphadyne Foundation	-	25,000
New York State Education Department	-	100,000
Genesis	-	100,000
Bangs-Russell Foundation	-	10,000
Wiener Family	-	10,000
Rochelle Sonnenberg	-	2,963
Colleen Catherine Donaghy	-	2,500
Fidelity Charitable Fund	-	2,500
Sam Cox	-	2,500
Igor Yasenovets	-	2,000
Martha Heintz	-	1,500
Genworth Financial	-	1,500
Elizabeth Hammond	-	1,054
Barrett Goodman	-	1,000
John A Rodger Jr Foundation	-	1,000
Suzette Shih	-	500
Julie Behuniak	-	500
Atlas Gala	-	500
Paul Darra	-	500
JW Hands Foundation	-	250
NB Group	-	250
Christine Wong	-	57
Brian Ho	-	37
Total Without Donor Restrictions	915,992	1,161,307
Restricted to Future Programs and Periods		
Foundations		
The Neil S. Hirsch Foundation	200,000	-
Less discount to present value	(23,619)	-
Total Restricted to Future Programs and Periods	176,381	-
Total	$1,092,373	$1,161,307

See independent auditors' report on supplementary information.

EDUCATION THROUGH MUSIC, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Restricted to Future Programs and Periods		
The Neil S. Hirsch Foundation - support for teacher workforce development 2026 - 2030	$ 250,000	$ -
Less: Discount to present value	(23,619)	-
Rockefeller Philanthropy Advisors - support for teacher workforce development 2024 - 2028	1,400,000	2,640,000
Total	$1,626,381	$2,640,000

See independent auditors' report on supplementary information.