

MUSIC WILL, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

Independent Auditors' Report and
Financial Statements for the
Year Ended June 30, 2025

MUSIC WILL, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
NOTES TO THE FINANCIAL STATEMENTS	7-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Music Will, Inc.

Opinion

We have audited the accompanying financial statements of Music Will, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Music Will, Inc. as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Music Will, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Music Will, Inc.'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.

Auditors' Responsibilities for the Audit of the Financial Statements (cont.)

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 Music Will, Inc.'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 Music Will, Inc.'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.

A handwritten signature in black ink that reads "Pullari Canino LLC". The script is cursive and fluid.

Fairfield, New Jersey
September 15, 2025

MUSIC WILL, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

	<u>2025</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,197,800
Investments	1,958,691
Current portion of unconditional promises to give	1,046,288
Inventory	7,243
Prepaid expenses	351,874
Total current assets	<u>4,561,896</u>
NON-CURRENT ASSETS:	
Asset development costs	163,006
Long-term unconditional promises to give, net	<u>215,287</u>
TOTAL ASSETS	<u><u>\$ 4,940,189</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	\$ 201,323
Accrued expenses	54,388
Deferred revenue	94,924
TOTAL LIABILITIES	<u>350,635</u>
NET ASSETS:	
Without donor restrictions	3,828,852
With donor restrictions	760,702
Total net assets	<u>4,589,554</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,940,189</u></u>

MUSIC WILL, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES:			
Contributions	\$ 4,694,055	\$ 936,590	\$ 5,630,645
Special events	1,243,687	-	1,243,687
Less: Costs of direct benefit to donors	(557,799)	-	(557,799)
Non-cash contributions	1,920,774	-	1,920,774
Program service revenue	104,992	-	104,992
Net assets released from restrictions:			
Satisfaction of purpose restrictions	1,020,123	(1,020,123)	-
Total public support and revenues	8,425,832	(83,533)	8,342,299
EXPENSES:			
Program services:			
Music education	3,005,337	-	3,005,337
Musical instruments and curriculum resources	2,012,204	-	2,012,204
Total program services	5,017,541	-	5,017,541
Supporting services:			
Management and general	1,220,602	-	1,220,602
Fundraising	1,880,647	-	1,880,647
Total supporting services	3,101,249	-	3,101,249
Total expenses	8,118,790	-	8,118,790
Changes in net assets before non-operating activities	307,042	(83,533)	223,509
NON-OPERATING ACTIVITIES:			
Other income	18,183	-	18,183
Interest income	107,799	-	107,799
Total non-operating activities	125,982	-	125,982
CHANGE IN NET ASSETS	433,024	(83,533)	349,491
NET ASSETS, BEGINNING OF YEAR	3,395,828	844,235	4,240,063
NET ASSETS, END OF YEAR	\$ 3,828,852	\$ 760,702	\$ 4,589,554

MUSIC WILL, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Supporting Services		
		Musical Instruments and Curriculum Resources	Total Program Services	Management and General	Fundraising	Total
	Music Education					
Personnel costs:						
Salaries and wages	\$ 1,510,080	\$ -	\$ 1,510,080	\$ 800,352	\$ 1,275,018	\$ 3,585,449
Fringe benefits	173,662	-	173,662	65,312	81,938	320,912
Payroll taxes	112,354	-	112,354	57,391	92,194	261,940
Total personnel costs	1,796,096	-	1,796,096	923,056	1,449,149	4,168,301
Program supplies and related	-	2,012,204	2,012,204	-	2,126	2,014,330
Consultants and professional fees	778,413	-	778,413	53,216	57,128	888,757
Travel, meals and entertainment	284,181	-	284,181	87,817	134,095	506,094
Technology and equipment	56,129	-	56,129	57,072	64,954	178,154
Marketing, advertising and printed materials	61,577	-	61,577	11	55,692	117,280
Insurance	122	-	122	23,458	107	23,687
Occupancy	9,035	-	9,035	4,953	9,210	23,198
Office Supplies and postage	4,334	-	4,334	14,690	2,577	21,601
Licenses, dues, and fees	8,722	-	8,722	5,166	7,058	20,947
Employee professional development	6,079	-	6,079	1,568	3,820	11,468
Other expenses	648	-	648	49,594	94,731	144,973
Total expenses	<u>\$ 3,005,337</u>	<u>\$ 2,012,204</u>	<u>\$ 5,017,541</u>	<u>\$ 1,220,602</u>	<u>\$ 1,880,647</u>	<u>\$ 8,118,790</u>

MUSIC WILL, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 349,491
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Unconditional promises to give, net	(139,787)
Inventory	157,890
Prepaid expenses	(137,330)
Asset development costs	(18,487)
Increase (decrease) in operating liabilities:	
Accounts payable	75,112
Accrued expenses	(9,754)
Deferred revenue	<u>57,608</u>
Net cash provided by operating activities	<u>334,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(552,135)
Proceeds from sale of investments	<u>703,806</u>
Net cash provided by investing activities	<u>151,671</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	486,414
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>711,386</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 1,197,800</u></u>

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. NATURE OF ACTIVITIES

Music Will, Inc. (the "Organization") was incorporated in the State of California in 2001. The Organization is operated exclusively for charitable and educational purposes, with a particular focus on music education in elementary and secondary schools in the United States. With a national reach and focus, the Organization's business and administrative functions operate remotely, which enable it to reduce office expense and engage talent from across the U.S. The following descriptions provide more detail regarding specific programs run by the Organization:

Mentorship: The Organization provides training and support for teachers and other types of mentors enrolled in the music education program in order to help facilitate and establish a safe, nurturing, supportive and fun environment for students.

Music Education: In accordance with its mission, the Organization provides music education to students, primarily from low income backgrounds, in order to foster musicianship, to develop confidence, responsibility, discipline and other lifelong values.

Musical Instruments and Curriculum Resources: The Organization obtains and provides musical instruments and other curriculum resources to students to use in their participation in music production, recording and performances.

On August 16, 2022, the Organization formally amended their certificate of incorporation in the State of California to change the corporate name from Little Kids Rock, Inc. to Music Will, Inc., which was approved by the State of California on August 24, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation --- The Organization presents its financial statements in accordance with guidance issued by the American Institute of Certified Public Accountants' Audit & Accounting Guide for *Not-for-Profit Entities* and the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

ASC paragraphs 958-205-45-2(a) through (d) establish standards for external financial reporting by not-for-profit organizations and require that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions: net assets with donor restrictions and net assets without donor restrictions.

ASC paragraphs 958-605-45-3 through 7, *Contributions Received*, require that unconditional promises to give be recorded as receivables and revenue and require the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Basis of Presentation (cont.) ---

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents --- The Organization considers all cash without donor imposed restrictions, short-term securities and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Restricted cash --- Restricted cash is the portion of cash that will be used to cover expenditures that have been restricted by the donor.

Short term investments --- Financial assets that are readily convertible to cash, with an initial maturity period of 12 months or less. For the Organization, this generally includes treasury bills, money market funds, and certificates of deposit.

Fair value (hierarchy) of financial instruments --- The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair value (hierarchy) of financial instruments (cont.) --- Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements.

As of June 30, 2025, none of the assets (except investments) and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, approximate fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ended June 30, 2025.

Accounts receivable --- Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to the allowance for doubtful accounts based on their assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

Inventory --- Musical instruments and other curriculum resources are recorded as program service expenses when they are distributed to schools and other music education programs.

Instruments that are purchased by the Organization for distribution are recorded at the cost of such purchases. Such instruments are shipped directly to the schools when the order is fulfilled and, therefore, are not a component of inventory.

Instruments or other tangible items that are contributed to the Organization are valued at the market value of such in-kind donations when received, and are included in Inventory to the extent they have not yet been distributed. Curriculum resources, such as access to online lessons and streamed media, that are contributed to the Organization are perceived not to have any value to the Organization or donor until they are activated upon distribution and used for program services. Once activated, these items are recognized at market value.

Musical instruments purchased for ongoing use by the Organization in conducting teacher workshops or otherwise carrying out programmatic activities are recorded as inventory, and are stated at the lower of cost or net realizable value.

Inventory also includes costs associated with the development of a specialized percussion instrument for future distribution to schools and other music education programs.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue and support recognition --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for use without restrictions unless specifically restricted by the donor. Conditional promises to give are reported when the conditions on which they depend are met by the Organization. Unconditional promises to give due in the next year are recorded at their net realizable value. Management assesses the time value of money based on material pledges to the Organization and the length of time to be received. Material unconditional promises to give due in subsequent years are reported on the Statement of Financial Position at the present value of their net realizable value, using interest rates consistent with investment rates applicable to the years in which the promises are to be received.

The Organization accounts for revenues from special events as an exchange transaction as each party to the transaction receives and sacrifices commensurate value.

The Organization accounts for program service arrangements as exchange transactions and recognizes revenues after the Organization has performed the services agreed with the other party.

Funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position, so that expenses follow revenue recognition.

Fixed assets --- Fixed assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally 2-5 years. Depreciation is provided based upon the actual number of months in use during the year the costs are capitalized. The Organization's policy is to capitalize fixed assets with a purchase price of \$5,000 or more and a useful life of one year or more. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities. Major renewal and improvements are capitalized.

Non-cash contributions --- The Organization discloses all contributed goods and services regardless of whether the goods and/ or services received are recognized as revenue in the financial statements.

Items sold to the public or used in fundraising are reported as revenue at the cash value received in the exchange at the time of sale, with the resulting non-operating gain or loss being the difference between the fair value received from the donor and the cash received at the time of the sale. Alternatively, if a nonfinancial asset is used internally and otherwise not sold, the revenue is offset by the asset or related expense.

Income taxes --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under corresponding state statutes in all 50 states. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- The Organization adheres to FASB ASC Topic 740, *Income Taxes*, which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the year ended June 30, 2025, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

The Organization files an informational return with the Internal Revenue Service and all 50 U.S. State jurisdictions. The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after they were filed. Each state has its own statutes governing the examination period. The Organization hires a third party to file registrations in all 50 states and as such, the third party maintains the compliance for these state filings.

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

Functional allocation of expenses --- Expenses are charged to each program based on direct expenditures incurred. Any program or supporting service expenditure not directly chargeable is allocated based on an indirect cost pool that is reasonable and consistently applied. Program expenses are those related to music education and musical instruments. Management and general relate to administrative expenses related to those programs. Fundraising includes direct and indirect costs of special events.

Allocated indirect expenditures include salaries and related payroll expenses, which are allocated on the basis of estimates of time and effort. The indirect labor hours cost pool serves as the basis for allocating supplies and other general office expenses. Rent, utilities and other facility and overhead costs are allocated based upon the number of employees directly allocated to each function.

Allocation of joint costs --- Costs incurred in connection with joint activities that include both fundraising and program components are assessed and attributed specifically to these components. As part of its mission, the Organization provides opportunities for students to participate in music performance and, as such, costs directly related to such performances at joint activities are considered program related expenses.

3. CONCENTRATIONS OF CREDIT RISK

Arising from cash deposits in excess of insured limits --- The Organization maintains its cash accounts in three financial institutions. During the year, cash balances may exceed federally insured limits of \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institutions.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs. The following are descriptions of the valuation techniques applied to the Organization's major categories of assets measured at fair value on a recurring basis:

Fixed income securities: certificates of deposit and bonds provide a contracted rate, traded on an active market.

From time to time donations of stock are liquidated upon receipt through the brokerage account, resulting in realized gains or losses. Management reviews these amounts when the sales occur and only if they are material in nature, reflect those balances separately.

The Organization's investments of \$1,958,691, consist of fixed income securities and reported at fair value on June 30, 2025, were all deemed level 1 investments.

5. INVESTMENTS

The composition of investment returns included in net assets without donor restrictions in the statements of activities and changes in net assets without donor restrictions for the year ended June 30, 2025 are as follows:

Dividends and interest income	\$ 92,854
Change in unrealized gains	<u>14,945</u>
Total	<u>\$ 107,799</u>

6. PROMISES TO GIVE

Unconditional promises --- Total unconditional promises to give consist of the following at June 30, 2025:

Promises without donor restriction	\$ 1,254,750
Promises with donor restriction:	
General program support	<u>53,971</u>
Gross unconditional promises to give	1,308,721
Less: Discount for long-term pledges	14,213
Allowance for uncollectible pledges	<u>32,933</u>
Net unconditional promises to give	<u>\$ 1,261,575</u>
Amounts Due in:	
Less than one year	\$ 1,046,288
One to five years	<u>215,287</u>
Total	<u>\$ 1,261,575</u>

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

6. PROMISES TO GIVE (CONT.)

The pledges receivable are recorded at their net present value using approximate discount rates of 3-5%, based on the nominal constant maturity Treasury rate as of the pledge date and corresponding to the pledge duration, for the year ended June 30, 2025.

7. INVENTORY

Inventory consisted of musical instruments, as well as donated items for future auction at internal fundraising events, with a fair value of \$7,243 for the year ended June 30, 2025.

8. ASSET DEVELOPMENT COSTS

Development costs as defined in ASC 730-10-20 refers to a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. Research and development costs are typically required to be expensed as incurred, except for the costs of materials, equipment, facilities and intangible assets (only when acquired in connection with a sale of a business). The Organization is in the preproduction phase of developing an asset that is intended for sale at a future point of time and have begun developing prototypes. Since the prototypes are not yet saleable by the reporting entity, these costs have been capitalized and will be amortized once the asset is ready for sale. Total capitalized materials and equipment as of June 30, 2025 were \$163,006.

9. LINE OF CREDIT

On December 10, 2024, the Organization renewed their \$1,000,000 line of credit with a bank in New York, due December 10, 2025. Interest on the unpaid balance is due monthly at a rate of 5.341 per annum plus the Secured Overnight Financing Rate ("SOFR"). Collateral on the line consists of all of the Organization's property or assets, whether real, personal or missed, tangible or intangible, now or in the future subject to any lien in favor of the bank, securing or intending to secure, any of the liabilities. There were no amounts outstanding on the line of credit as of June 30, 2025.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2025:

Program support	\$ 534,702
Classroom activities	50,000
Multi-year gifts	<u>176,000</u>
Total net assets with donor restrictions	<u>\$ 760,702</u>

Net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions specified by donors related to program support of \$1,020,123 during the year ended June 30, 2025.

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

11. NON-CASH DONATIONS

Non-cash donations consisted of the following at June 30, 2025:

Curriculum resources	\$ 1,545,111
Professional fees	371,125
Information technology	<u>4,538</u>
Total	<u>\$ 1,920,774</u>

The Organization receives non-cash donations of curriculum resources, such as access to online subscriptions and streamed media, that are recognized when activated, upon distribution to schools, teachers and students.

12. FRINGE BENEFITS

The Organization provides its employees with group health, dental, vision and life insurance. For the year ended June 30, 2025, the Organization incurred expenses related to these benefits of \$233,687.

Additionally, the Organization offers a 403(b) retirement plan which matches employee contributions up to a maximum of 3% of the employee's salary. The Organization incurred expenses of \$87,225 for its share of contributions into the plan for the year ended June 30, 2025.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's liquidity management plan is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of 90 days operating expenses is invested in short-term investments, including certificates of deposit and money market funds. Management anticipates meeting general expenditures within one year of the date of the statement of financial position with existing financial assets plus funding provided by anticipated contributions from the general public. Furthermore, as described in Note 9, the Organization has a \$1,000,000 line of credit available to meet cash flow needs.

The following represents the Organization's financial assets as of June 30, 2025, reduced by amounts not available for general use:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,197,800
Short term investments	1,958,691
Unconditional promises to give, expected to be received in less than one year	<u>1,046,288</u>
Total current financial assets at year-end	4,202,779
Less amounts not available for general expenditures within one year due to:	
Donor-restricted funding	<u>760,702</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,442,077</u>

MUSIC WILL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 (CONTINUED)

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2025, the date on which the financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure.