



SAVE THE MUSIC FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024



SAVE THE MUSIC FOUNDATION

Table of Contents

Page

Independent Auditors' Report 1-2

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 5

Statements of Cash Flows 6

Notes to Financial Statements 7-26

Independent Auditors' Report

The Board of Directors
Save The Music Foundation
New York, NY

Opinion

We have audited the financial statements of Save The Music Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

New York, New York
April 23, 2026

SAVE THE MUSIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 1,816,268	\$ 2,947,305
Restricted cash	145,161	--
Contributions and grants receivable, net	2,276,895	2,227,996
Prepaid expenses and other assets	54,197	122,797
Investments	2,648,049	2,021,260
Inventories	--	16,531
Operating lease right-of-use assets	1,329,983	--
Equipment, net	32,868	--
Total Assets	\$ 8,303,421	\$ 7,335,889
Liabilities		
Accounts payable and accrued expenses	\$ 194,133	\$ 336,633
Deferred revenue	5,000	--
Due to MTV Networks	--	300,158
Operating lease liabilities	1,425,785	--
Total Liabilities	1,624,918	636,791
Commitments and Contingencies		
Net Assets		
Without Donor Restrictions		
Operations	845,134	1,764,127
Board-designated net assets	1,841,977	1,769,787
Total Without Donor Restrictions	2,687,111	3,533,914
With Donor Restrictions	3,991,392	3,165,184
Total Net Assets	6,678,503	6,699,098
Total Liabilities and Net Assets	\$ 8,303,421	\$ 7,335,889

The accompanying notes are an integral part of these financial statements.

SAVE THE MUSIC FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2025 and 2024

	Year Ended December 31, 2025					Year Ended December 31, 2024				
	Without Donor Restrictions			With Donor Restrictions	Total 2025	Without Donor Restrictions			With Donor Restrictions	Total 2024
	Operations	Board-Designated Net Assets	Total			Operations	Board-Designated Net Assets	Total		
Public Support and Revenue										
Public Support										
Special events revenue	\$ 260,615	\$ --	\$ 260,615	\$ --	\$ 260,615	\$ 613,051	\$ --	\$ 613,051	\$ --	\$ 613,051
Less: cost of direct benefit to donors	(50,834)	--	(50,834)	--	(50,834)	(168,772)	--	(168,772)	--	(168,772)
Special Events, Net	<u>209,781</u>	<u>--</u>	<u>209,781</u>	<u>--</u>	<u>209,781</u>	<u>444,279</u>	<u>--</u>	<u>444,279</u>	<u>--</u>	<u>444,279</u>
Contributions of Cash and Other Financial Assets										
Contributions and grants	1,465,741	--	1,465,741	3,698,273	5,164,014	2,534,715	1,750,000	4,284,715	3,163,710	7,448,425
Contributions of nonfinancial assets:										
Donated goods and services from fundraising	65,864	--	65,864	--	65,864	53,071	--	53,071	--	53,071
Donated musical instruments	271,392	--	271,392	--	271,392	210,911	--	210,911	--	210,911
Donated goods and services	<u>2,216,009</u>	<u>--</u>	<u>2,216,009</u>	<u>--</u>	<u>2,216,009</u>	<u>2,892,794</u>	<u>--</u>	<u>2,892,794</u>	<u>--</u>	<u>2,892,794</u>
Total Public Support	<u>4,228,787</u>	<u>--</u>	<u>4,228,787</u>	<u>3,698,273</u>	<u>7,927,060</u>	<u>6,135,770</u>	<u>1,750,000</u>	<u>7,885,770</u>	<u>3,163,710</u>	<u>11,049,480</u>
Revenue										
Interest	354	--	354	--	354	64,728	--	64,728	--	64,728
Investment activity	--	149,339	149,339	151,628	300,967	--	19,787	19,787	1,474	21,261
Royalties	1,704	--	1,704	--	1,704	2,219	--	2,219	--	2,219
Net assets released from restrictions	<u>3,100,842</u>	<u>(77,149)</u>	<u>3,023,693</u>	<u>(3,023,693)</u>	<u>--</u>	<u>754,044</u>	<u>--</u>	<u>754,044</u>	<u>(754,044)</u>	<u>--</u>
Total Revenue	<u>3,102,900</u>	<u>72,190</u>	<u>3,175,090</u>	<u>(2,872,065)</u>	<u>303,025</u>	<u>820,991</u>	<u>19,787</u>	<u>840,778</u>	<u>(752,570)</u>	<u>88,208</u>
Total Public Support and Revenue	<u>7,331,687</u>	<u>72,190</u>	<u>7,403,877</u>	<u>826,208</u>	<u>8,230,085</u>	<u>6,956,761</u>	<u>1,769,787</u>	<u>8,726,548</u>	<u>2,411,140</u>	<u>11,137,688</u>
Expenses										
Program Services										
Musical education restoration	<u>6,250,696</u>	<u>--</u>	<u>6,250,696</u>	<u>--</u>	<u>6,250,696</u>	<u>7,369,321</u>	<u>--</u>	<u>7,369,321</u>	<u>--</u>	<u>7,369,321</u>
Supporting Services										
Management and general	336,310	--	336,310	--	336,310	589,831	--	589,831	--	589,831
Fundraising	<u>1,663,674</u>	<u>--</u>	<u>1,663,674</u>	<u>--</u>	<u>1,663,674</u>	<u>1,503,195</u>	<u>--</u>	<u>1,503,195</u>	<u>--</u>	<u>1,503,195</u>
Total Supporting Services	<u>1,999,984</u>	<u>--</u>	<u>1,999,984</u>	<u>--</u>	<u>1,999,984</u>	<u>2,093,026</u>	<u>--</u>	<u>2,093,026</u>	<u>--</u>	<u>2,093,026</u>
Total Expenses	<u>8,250,680</u>	<u>--</u>	<u>8,250,680</u>	<u>--</u>	<u>8,250,680</u>	<u>9,462,347</u>	<u>--</u>	<u>9,462,347</u>	<u>--</u>	<u>9,462,347</u>
Change in Net Asset	(918,993)	72,190	(846,803)	826,208	(20,595)	(2,505,586)	1,769,787	(735,799)	2,411,140	1,675,341
Net Assets - Beginning of Year	<u>1,764,127</u>	<u>1,769,787</u>	<u>3,533,914</u>	<u>3,165,184</u>	<u>6,699,098</u>	<u>4,269,713</u>	<u>--</u>	<u>4,269,713</u>	<u>754,044</u>	<u>5,023,757</u>
Net Assets - End of Year	<u>\$ 845,134</u>	<u>\$ 1,841,977</u>	<u>\$ 2,687,111</u>	<u>\$ 3,991,392</u>	<u>\$ 6,678,503</u>	<u>\$ 1,764,127</u>	<u>\$ 1,769,787</u>	<u>\$ 3,533,914</u>	<u>\$ 3,163,184</u>	<u>\$ 6,699,098</u>

The accompanying notes are an integral part of these financial statements.

SAVE THE MUSIC FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2025 and 2024

	Year Ended December 31, 2025					Year Ended December 31, 2024				
	Program Services	Supporting Services		Total Supporting Services	Total 2025	Program Services	Supporting Services		Total Supporting Services	Total 2024
		Management and General	Fundraising				Management and General	Fundraising		
Salaries and Related Costs										
Salaries	\$ 1,000,717	\$ 132,770	\$ 900,290	\$ 1,033,060	\$ 2,033,777	\$ 937,778	\$ 151,212	\$ 905,895	\$ 1,057,107	\$ 1,994,885
Benefits and related payroll expenses	258,675	28,667	153,581	182,248	440,923	259,401	37,304	190,731	228,035	487,436
Total Salaries and Related Costs	1,259,392	161,437	1,053,871	1,215,308	2,474,700	1,197,179	188,516	1,096,626	1,285,142	2,482,321
Musical instrument grants	3,986,006	--	--	--	3,986,006	5,155,000	--	--	--	5,155,000
Donated professional services, goods and office expenses	79,708	52,138	88,939	141,077	220,785	194,146	130,272	131,511	261,783	455,929
Professional services	133,191	62,611	214,965	277,576	410,767	23,478	257,155	122,434	379,589	403,067
Occupancy	47,168	3,253	45,759	49,012	96,180	--	--	--	--	--
Travel expenses	51,617	4,139	28,736	32,875	84,492	2,223	--	--	--	2,223
Conferences, conventions, and meetings	2,399	--	--	--	2,399	5,675	2,192	99	2,291	7,966
Meals and entertainment	2,273	369	2,662	3,031	5,304	--	--	--	--	--
Office expenses	18,247	7,134	8,631	15,765	34,012	11,740	2,057	1,720	3,777	15,517
Events production costs and related expenses	3,748	--	65,034	65,034	68,782	67,192	--	214,788	214,788	281,980
Information technology	88,057	24,199	82,553	106,752	194,809	41,590	5,500	40,381	45,881	87,471
Marketing and promotion	77,755	128	95,470	95,598	173,353	48,286	--	47,769	47,769	96,055
Program expense	489,391	--	--	--	489,391	622,812	--	--	--	622,812
Credit card and other service charges	--	--	16,576	16,576	16,576	--	4,139	16,639	20,778	20,778
Insurance	10,824	19,157	10,392	29,549	40,373	--	--	--	--	--
Miscellaneous	--	1,681	--	1,681	1,681	--	--	--	--	--
Depreciation	920	64	920	984	1,904	--	--	--	--	--
Subtotal	6,250,696	336,310	1,714,508	2,050,818	8,301,514	7,369,321	589,831	1,671,967	2,261,798	9,631,119
Less: cost of direct benefit to donors	--	--	(50,834)	(50,834)	(50,834)	--	--	(168,772)	(168,772)	(168,772)
Total Expenses	<u>\$ 6,250,696</u>	<u>\$ 336,310</u>	<u>\$ 1,663,674</u>	<u>\$ 1,999,984</u>	<u>\$ 8,250,680</u>	<u>\$ 7,369,321</u>	<u>\$ 589,831</u>	<u>\$ 1,503,195</u>	<u>\$ 2,093,026</u>	<u>\$ 9,462,347</u>

The accompanying notes are an integral part of these financial statements.

SAVE THE MUSIC FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ (20,595)	\$ 1,675,341
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unamortized discount on contributions and grants receivable	(26,429)	119,199
Depreciation	1,904	--
Net change in the allowance for doubtful contributions and grants receivable	(53,500)	48,500
Amortization lease operating right-of-use assets	84,864	--
Net change in the allowance for obsolescence of inventory	--	(1,000)
Unrealized and realized gain on investments	(247,452)	(6,628)
Subtotal	(261,208)	1,835,412
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Contributions and grants receivable	31,030	(835,956)
Prepaid expenses and other assets	68,600	(2,059)
Inventories	16,531	162,774
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(142,500)	(719,650)
Deferred revenue	5,000	--
Due to MTV Networks	(300,158)	9,632
Operating lease liabilities	10,938	--
Net Cash (Used in) Provided by Operating Activities	(571,767)	450,153
Cash Flows From Investing Activities		
Purchase of securities	(559,225)	(2,014,632)
Proceeds from sales of securities	179,888	--
Purchases of equipment	(34,772)	--
Net Cash Used in Investing Activities	(414,109)	(2,014,632)
Net Decrease in Cash and Cash Equivalents	(985,876)	(1,564,479)
Cash, Cash Equivalents and Restricted Cash- Beginning of Year	2,947,305	4,511,784
Cash, Cash Equivalents and Resctricted Cash - End of Year	\$ 1,961,429	\$ 2,947,305
Supplemental Disclosure of Non-Cash Operating Activities		
Non-cash ROU assets obtained in exchange for new operating lease liabilities	\$ 1,409,480	\$ --

The accompanying notes are an integral part of these financial statements.

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Save the Music Foundation (the “Foundation”) is a nonprofit organization dedicated to improving the quality of education in America’s public schools by restoring and supporting instrumental music education programs, and by raising public awareness about the importance of music participation and the positive impact it has on young people. The Foundation’s mission is to help students, schools and communities reach their full potential through the power of making music. The Foundation is exempt from federal income taxes under Internal Revenue Code (“IRC”) Section 501(c)(3) recognized as a public charity under Section 509(a)(1) of the IRC. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Foundation’s financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

CASH AND CASH EQUIVALENT

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

NET ASSETS

The Foundation maintains its net assets under the following two classes:

Without Donor Restrictions

Operations

Operations represents resources available for support of the Foundation’s operations over which the Board of Directors (the “Board”) has discretionary control.

Board-Designated Net Assets

The Foundation has established a Board-Endowment Fund in which the Board designated a portion of the net assets without donor restrictions to be treated as an endowment. These funds are included as part of the Foundation’s investments which sustainably provide income to cover the Foundation’s operating costs. As of December 31, 2024, the Foundation’s Board of Directors has authorized an operating fund without donor restrictions of \$1,750,000 to sustain its programs and provide for operating and other expenses at the discretion of the Board and has been classified as Board designated.

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

Without Donor Restrictions (Continued)

Board-Designated Net Assets (Continued)

In 2024, contributions to Board Endowment Funds included \$1.5 million of the Foundation's operating cash reserve and an additional \$250,000, without any donor restrictions, from Paramount Global.

With Donor Restrictions

With donor restrictions resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either can be fulfilled and removed by actions of the Foundation pursuant to those stipulations or that expire by the passage of time. When such stipulations are fulfilled or time restrictions expire, such net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. See Note 7 for more information on the composition of net assets with donor restrictions and the release of restrictions.

PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENT

Equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Contributed fixed assets are stated at fair value at the date of gift. The Foundation has established a \$1,000 threshold above which assets are capitalized. Purchases below \$1,000 are expensed at the time of acquisition. Equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

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 at the date of the financial statements. Actual results could differ from those estimates. Investments are measured at fair value.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

From time to time the Foundation has inventories of certain donated musical instruments which will be granted to educational institutions in accordance with the Foundation's mission. The Foundation also has inventories of donated items for sale such as concert tickets, memorabilia and collectibles. Inventories are recorded at the fair value at the date of donation. There is no obsolescence provision as of December 31, 2025 and 2024.

FUNCTIONAL ALLOCATION OF EXPENSES

The following program and supporting services are included in the accompanying financial statements:

Program

Includes musical instrument and technology grants, professional development for educators and local collective impact convenings, research studies on the impact of increased music education access, and public education and advocacy programs to explain the importance and value of music education.

Management and General

Provides coordination and articulation of the Foundation's program strategy through the Office of the Executive Director; secures proper administrative functioning of the Board of Directors; maintains competent legal services for the proper administration of the Foundation; maintains an adequate working environment and manages the financial responsibilities of the Foundation.

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, foundations and corporations.

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Some expenses, such as travel, are allocated based on direct identification. Other expenses require allocation among the programs and supporting services benefits on a reasonable basis that is consistently applied. Such expenses include: salaries and wages, benefits, payroll taxes, office expenses, legal services, occupancy, and depreciation and are allocated based on headcount in each functional area.

CONTRIBUTIONS REVENUE AND RECEIVABLE

Unconditional contributions receivable are recognized as contribution revenue and contributions receivable during the period in which they are promised. Conditional contributions are recognized only when the stipulated conditions on which they depend are substantially met and the contributions become unconditional.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS REVENUE AND RECEIVABLE (CONTINUED)

Restricted grants received by the Foundation are recognized as revenue in the period in which they are promised and then designated as restricted receivables. The restrictions are released when the requirements of the grant are met and there is no right of return. Contributions and grants support amounted to \$5,164,014 and \$7,448,425 for the years ended December 31, 2025 and 2024, respectively, and are included in the statements of activities.

ALLOWANCE FOR UNCOLLECTABLE RECEIVABLES

The Foundation's management evaluates the need for an allowance for uncollectible receivables applicable to its contributions and grants receivable based on various factors including an assessment of the credit-worthiness of its donors, aging of the amounts due and historical experience. As of December 31, 2025 and 2024, the Foundation determined that an allowance for uncollectable contributions and grants was necessary in the amount of \$0 and \$53,500, respectively.

SPECIAL EVENTS

The Foundation receives cash in advance of a special event that is held after the statements of financial position date. It is the Foundation's policy to refund money paid for an event if it is cancelled or postponed based on the donor's request.

The direct costs of special events include costs incurred in connection with special events related to items benefiting attendees of such events, such as meals and entertainment.

CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Foundation reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills and represents services that would have been purchased had they not been donated.

For the years ended December 31, 2025 and 2024, the Foundation recorded the fair value of noncash contributions amounting to \$2,553,265 and \$3,156,776, respectively. Such amounts are included as donated goods and services from fundraising, donated musical instruments and donated goods and services in the accompanying statements of activities.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2025:

Nonfinancial Asset	Amount	Usage in Programs /Activities	Donor-Imposed Restrictions	Fair Value Techniques
Donated goods and services - fundraising	\$ 65,864	Fundraising	No associated donor restriction	Based on estimated fair market value for similar goods and services
Donated musical instruments	271,392	Musical education restoration	No associated donor restriction	Based on estimated fair market value of those items or similar items
Donated goods and services	<u>2,216,009</u>	Musical education restoration and supporting services	No associated donor restriction	Based on estimated fair market value for similar goods and services
Total	<u>\$ 2,553,265</u>			

Included in the donated goods and services of \$2,216,009 are donated goods and services from related parties. See Note 11 for further discussion.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2024:

Nonfinancial Asset	Amount	Usage in Programs /Activities	Donor-Imposed Restrictions	Fair Value Techniques
Donated goods and services - fundraising	\$ 53,071	Fundraising	No associated donor restriction	Based on selling price net of auction fees
Donated musical instruments	210,911	Musical education restoration	No associated donor restriction	Based on estimated fair market value of those items or similar items
Donated goods and services	<u>2,892,794</u>	Musical education restoration and supporting services	No associated donor restriction	Based on estimated fair market value for similar goods and services
Total	<u>\$ 3,156,776</u>			

Included in the donated goods and services of \$2,892,794 are donated goods and services from related parties. See Note 11 for further discussion.

ROYALTIES

The Foundation receives nonrefundable royalty payments for its licensing agreements pertaining to music CDs. Royalty income is recorded when initial nonrefundable royalty payments are received and when subsequent royalties are earned.

MUSICAL INSTRUMENT GRANTS

The Foundation distributes musical instruments to various public schools and other nonprofit organizations around the United States for their music programs. Grant expense is recorded when a school district or other grantee signs an agreement to meet the requirements of the grant and a purchase order is generated for the contents of the grant which is recorded at an amount equal to the fair value of musical instruments originally donated to the Foundation.

LEASES

The Foundation leases real property under operating leases as further described in Note 10. The Foundation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

Certain line items in the December 31, 2024 financial statements have been reclassified to conform to the December 31, 2025 presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following financial assets could readily be made available immediately from the statements of financial position date to meet general expenditures as of December 31:

	2025	2024
Cash and cash equivalents	\$ 1,816,268	\$ 2,947,305
Contributions and grants receivable, net	2,276,895	2,227,996
Prepaid expenses and other assets	54,197	122,797
Investments	2,648,049	2,021,260
Total Financial Assets	6,795,409	7,319,358
Less: Other assets	(54,197)	(122,797)
Less: Board-designated net assets	(1,841,977)	(1,769,787)
Less: Net assets with donor restrictions	(3,991,392)	(3,165,184)
	\$ 907,843	\$ 2,261,590

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, net, consist of the following as of December 31:

	2025	2024
Amounts due in less than one year	\$ 1,454,665	\$ 1,395,695
Amounts due in one to five years	785,000	815,000
Amounts due in over five years	130,000	190,000
Total	2,369,665	2,400,695
Less: Unamortized discount	(92,770)	(119,199)
Reserve for uncollectible pledges	--	(53,500)
Total Contributions and Grants Receivable, Net	\$ 2,276,895	\$ 2,227,996

The grants to be received after one year are recorded net of discount at the daily treasury long-term rate to reflect the present value of future cash flows. The discount rate ranged between 4.00% to 4.54% and 4.25% to 4.54% during the years ended December 31, 2025 and 2024.

The amortization of the discount is reflected as additional contribution revenue in the accompanying financial statements.

NOTE 5 – INVESTMENTS

Investments consist of the following as of December 31:

	2025	2024
Money market funds	\$ 51,415	\$ 1,946,421
Mutual funds	2,549,825	74,839
Alternative funds	46,809	--
Total	\$ 2,648,049	\$ 2,021,260

Investments are subject to market volatility that could change their carrying values in the near term.

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 5 – INVESTMENTS (CONTINUED)

Investment activity consists of the following for the year ended December 31:

	2025	2024
Interest and dividends	\$ 69,676	\$ 14,633
Unrealized and realized gain on investments	247,452	6,628
	317,128	21,261
Less: Investment fees	(16,161)	--
	\$ 300,967	\$ 21,261

NOTE 6 – EQUIPMENT

Equipment consists of the following as of December 31, 2025:

		Estimated Useful Lives
Office equipment	\$ 34,772	5 years
Less: accumulated depreciation and amortization	(1,904)	
Net Book Value	\$ 32,868	

For the year ended December 31, 2025, depreciation expense amounted to \$1,904.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

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 assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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 and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2024.

MONEY MARKET FUNDS

Money market funds are valued using market prices in active markets.

MUTUAL FUND

Mutual funds are valued at the daily closing price as reported by the fund. The mutual fund held by the Foundation is a non-diversified, closed-end management investment company registered with the Securities and Exchange Commission. No public market exists and shareholders do not have a right to cause the fund to redeem their shares. On a quarterly basis, the Foundation will offer to repurchase 5%–25% of its Net Asset Value (“NAV”). These funds are required to publish their daily NAV. The mutual fund held by the Foundation is not intended to be a typical traded investment.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

MUTUAL FUND (CONTINUED)

There is no secondary market for the mutual fund shares and the mutual fund expects that no secondary market will develop.

ALTERNATIVE FUNDS

Alternative Funds include a non-traded, closed-end fund primarily investing in loans secured by high-quality commercial real estate properties across the U.S. and other private credit instruments. Due to the nature of certain investments held by the Alternative Fund and the reliance on significant unobservable inputs in their valuation, the Foundation classifies its investment as Level 3.

The Foundation's financial assets carried at fair value at December 31, 2025 are classified in the table as follows:

	Level 1	Level 3	Total
Assets carried at fair value			
Money market fund	\$ 51,415	\$ --	\$ 51,415
Mutual funds	2,549,825	--	2,549,825
Alternative funds	--	46,809	46,809
Total Assets Carried at Fair Value	\$ 2,601,240	\$ 46,809	\$ 2,648,049

The Foundation's financial assets carried at fair value at December 31, 2024 are classified in the table as follows:

	Level 1
Assets carried at fair value	
Money market fund	\$ 1,946,421
Mutual funds	74,839
Total Assets Carried at Fair Value	\$ 2,021,260

The reconciliation of Level 3 investments measured at fair value and any unrealized gain or loss from the fair value for the years ended December 31, 2025 is as follows:

Balance, beginning of year	\$ --
Net unrealized gain	227
Purchases	46,582
Balance, End of Year	\$ 46,809

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth the Foundation’s investments, for which the investments are at Level 3 as of December 31, 2025, is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period
Private credit (a)	\$ 41,087	35,250	Quarterly	Three years
Real estate (b)	<u>5,722</u>	69,375	Quarterly	Three years
	<u>\$ 46,809</u>			

- (a) Private credit contains investments that are primarily in primary issue, directly-sourced and privately-negotiated secured debt issued by North American-based middle market companies. The funds’ underlying investments are valued at fair value. The fund requires the Foundation to fund capital calls for the three-year lock-up period from the date of commitment. After expiration of the three-year lock-up period, the Foundation can choose to be released from any remaining obligation to fund capital calls for new investments.
- (b) Real estate contains investments that are primarily in directly-originated mortgage loans secured by high-quality commercial real estate properties across the United States. The funds’ underlying investments are valued at fair value. After expiration of the three-year lock-up, the Foundation can withdraw their funds with 90-day notice subject to fund-level gate of 5%. The Fund has discretion to accept or reject (in whole or in part) those repurchase requests.

As of December 31, 2025 approximately \$45,000 is restricted for redemption as the underlying investments are illiquid. Such investments will be available for redemption once the underlying investments are realized.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of December 31:

	2025	2024
Contributions with purpose and time restriction:		
Los Angeles and Orange County, CA schools	\$ 1,100,000	\$ 1,612,522
New York, NY, Los Angeles, CA, Atlanta, GA, Cleveland, OH and Miami FL schools	572,692	--
New York, NY and Los Angeles, CA schools	226,506	--
Miami, FL schools	160,000	--
West Virginia schools	138,263	272,258
Atlanta, GA schools	125,000	--
Music tech	98,120	--
Baltimore, MD schools	96,190	--
New York, NY schools	91,000	30,000
New Jersey schools	34,900	--
Orange County, CA schools	26,798	17,000
New Orleans, LA schools	25,000	--
New Orleans, LA and Mississippi schools	25,000	--
Los Angeles, CA schools	--	100,000
Pajaro Valley, CA schools	--	15,725
	<u>2,719,469</u>	<u>2,047,505</u>
Contributions perpetual in nature	1,176,205	1,116,205
Unappropriated earnings from endowment funds	<u>95,718</u>	<u>1,474</u>
Total	<u><u>\$ 3,991,392</u></u>	<u><u>\$ 3,165,184</u></u>

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from restrictions by incurring expenses or the passage of time thus satisfying the restricted purposes for the years ended December 31:

	2025	2024
Los Angeles and Orange County, CA schools	\$ 525,000	\$ --
New York, NY, Los Angeles, CA, Atlanta, GA, Cleveland, OH and Miami FL schools	390,000	--
Atlanta, GA schools	250,000	--
New York, NY schools	250,000	30,000
West Virginia schools	200,000	240,000
New Jersey schools	200,000	--
Orange County, CA schools	142,000	159,000
Baltimore, MD schools	132,721	--
New York, NY and Los Angeles, CA schools	125,000	--
New York, NY and Atlanta, GA schools	120,000	--
Los Angeles, CA schools	100,000	100,000
Miami, FL schools	95,000	25,000
Oakland, CA schools	65,000	--
Detroit, MI schools	60,000	--
Washington D.C. schools	60,000	--
New Orleans, LA and Mississippi schools	50,000	--
Akron, Cincinnati and Columbus Ohio schools	50,000	--
San Diego, CA schools	50,000	--
Mississippi schools	35,000	--
Music tech	29,863	--
Pajaro Valley, CA schools	15,725	--
Akron, OH schools	11,000	1,000
Cincinnati, OH schools	10,000	--
New Orleans, LA schools	--	153,000
San Diego, CA school and Keys + Kids Grant	--	22,500
AMP Diversity & Inclusion Scholarship	--	13,544
Diversify the Stage Apprenticeship Program	--	10,000
Board appropriations of endowment earnings	57,384	--
	\$ 3,023,693	\$ 754,044

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Foundation has a board-designated fund whose purpose is to provide an ongoing stream of revenue that will support the Foundation’s operating and other activities currently, and in the future, while maintaining purchasing power. The Foundation also has a donor restricted endowment fund which is perpetual in nature. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

See Note 2 for how the Foundation maintain its net assets.

The Foundation adheres to the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”). The Foundation recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered not restricted by the donor are reflected as net assets with donor restrictions until appropriated.

Each year, a portion of the return on the endowment funds may be used to fund general operating expenditures. The amount of that spending portion will be reviewed annually and the distribution recommended by the Executive Committee will be approved by the Board of Directors.

The Foundation intends to appropriate, in accordance with NYPMIFA, 5% of the portfolio based on the rolling average of the endowment’s year-end market values over the past three years with Board approval annually and subject to modify by the Board in response to extraordinary changes in the Foundation’s financial condition or in the economic and investment environments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted endowment fund where the fair market value of the donor restricted endowment fund fell below the amount that is required to be retained in perpetuity. Any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires the Foundation to retain in perpetuity is to be reported in net assets with donor restrictions. There were no underwater endowment funds as of December 31, 2025 and 2024.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowment net asset changes include the following as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
	Board- Designated Net Assets	Endowment Earnings	Endowment Corpus	
Investment activity:				
Interest and dividends	\$ 34,573	\$ 35,103	\$ --	\$ 69,676
Investment fees	(8,019)	(8,142)	--	(16,161)
Unrealized and realized gain on investments	<u>122,785</u>	<u>124,667</u>	<u>--</u>	<u>247,452</u>
	<u>149,339</u>	<u>151,628</u>	<u>--</u>	<u>300,967</u>
Contributions				
Perpetual endowment contributions	<u>--</u>	<u>--</u>	<u>60,000</u>	<u>60,000</u>
	<u>--</u>	<u>--</u>	<u>60,000</u>	<u>60,000</u>
Distributions				
Board appropriations of endowment funds	<u>(77,149)</u>	<u>(57,384)</u>	<u>--</u>	<u>(134,533)</u>
	<u>(77,149)</u>	<u>(57,384)</u>	<u>--</u>	<u>(134,533)</u>
Change in Endowment Net Assets	72,190	94,244	60,000	226,434
Endowment Net Assets, Beginning of Year	<u>1,769,787</u>	<u>1,474</u>	<u>1,116,205</u>	<u>2,887,466</u>
Endowment Net Assets End of Year	<u>\$ 1,841,977</u>	<u>\$ 95,718</u>	<u>\$ 1,176,205</u>	<u>\$ 3,113,900</u>

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Endowment net asset changes include the following as of December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
	Board- Designated Net Assets	Endowment Earnings	Endowment Corpus	
Investment activity:				
Interest and dividends	\$ 12,959	\$ 1,674	\$ --	\$ 14,633
Unrealized and realized gain (loss) on investments	6,828	(200)	--	6,628
	<u>19,787</u>	<u>1,474</u>	<u>--</u>	<u>21,261</u>
Contributions				
Perpetual endowment contributions	--	--	1,116,205	1,116,205
Board-designated net assets	1,750,000	--	--	1,750,000
	<u>1,750,000</u>	<u>--</u>	<u>1,116,205</u>	<u>2,866,205</u>
Change in Endowment Net Assets	1,769,787	1,474	1,116,205	2,887,466
Endowment Net Assets, Beginning of Year	--	--	--	--
Endowment Net Assets End of Year	<u>\$ 1,769,787</u>	<u>\$ 1,474</u>	<u>\$ 1,116,205</u>	<u>\$ 2,887,466</u>

NOTE 9 – TAX-DEFERRED ANNUITY PLAN

The Foundation has a tax-deferred annuity plan (the “Plan”) qualified under Section 403(b) of the IRC that covers full-time employees of the Foundation. The Foundation matches 75% of the first 6% that an employee contributes to the Plan (maximum of 4.5% of gross salary per employee). Employees may make contributions to the Plan up to the maximum amount allowed by the IRC. Pension expense for the years ended December 31, 2025 and 2024 was \$55,214 and \$58,689, respectively.

The Foundation is also a co-employer of its staff with a professional employer organization that provides payroll, benefits, human resources, tax administration and regulatory compliance assistance. The contractual obligation enables the Foundation to offer a competitive employee benefit package to their employees.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – LEASES

The Foundation leases office space under a long-term non-cancelable operating lease agreement. The Foundation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

On June 26, 2025, the Foundation entered into a lease for office space in a building for 5.3 years. The Foundation took possession of office space in September 2025, for a total of approximately 5,000 rentable square feet. Annual increases of 3% are scheduled throughout the lease term. Concurrent with signing of the lease, the Foundation provided the landlord with a letter of credit in the amount of \$145,161 as prepaid security. As of December 31, 2025, \$145,161, had been deposited as in a certificate of deposit for the letter of credit and is shown as restricted cash in the accompanying statements of financial position.

The weighted-average discount rate is based on the risk-free rate in the leases. The School has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The following table summarizes the supplemental cash flow information for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 15,323
--	-----------

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2025:

Weighted-average remaining lease term in years:	
Operating leases	5.04 Years

Weighted-average discount rate:	
Operating leases	3.59%

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – LEASES (CONTINUED)

As of December 31, 2025, the operating lease right-of-use assets balance totaled \$1,329,983 and the operating leases liabilities totaled \$1,425,785 as shown in the consolidated statement of financial position. The future minimum lease payments under non-cancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2025:

	Operating Leases
2026	\$ 284,088
2027	301,748
2028	310,800
2029	320,124
2030	329,728
Thereafter	<u>10,284</u>
Total Lease	1,556,772
Less: Present value discount	<u>(130,987)</u>
	<u>\$ 1,425,785</u>

NOTE 11 – RELATED PARTIES

Prior to November 2024, the Foundation operated under a services agreement with MTV Entertainment Group, a division of Paramount Global (the "MTV Services Agreement").

Under this agreement, MTV Entertainment Group provided office space, travel support, financial services, IT services, and other overhead support to the Foundation. Until February 2024, MTV Entertainment Group also donated the services of certain of its employees, including the Foundation's Executive Director.

In November 2024, the Foundation and Paramount executed a Termination and Transition Agreement to end the MTV Services Agreement. Following a brief transition period covered by this agreement, Paramount ceased providing all services to the Foundation on June 30, 2025. As a result, Paramount's contributed services declined significantly in 2025 and will be zero in 2026.

SAVE THE MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – RELATED PARTIES (CONTINUED)

For the year ended December 31, 2024, donated services provided under the MTV Services Agreement—including Executive Director compensation, special events production, music talent booking, public relations support, travel, entertainment, and the use of office space—totaled \$360,929. For the year ended December 31, 2025, donated services provided under the MTV Services Termination and Transition Agreement, including travel, entertainment, and the use of office space, totaled \$124,921.

At December 31, 2024, the Foundation was also responsible for reimbursing MTV Entertainment Group for certain expenses not considered donated under the services agreement. These expenses consisted primarily of special events costs and charges made on the corporate purchasing card in connection with the Foundation’s music technology grants. As of that date, the Foundation owed MTV Networks \$300,158. As of December 31, 2025, the Foundation paid off the outstanding liability to MTV Networks.

In transactions unrelated to MTV Entertainment Group, donated services from the Foundation’s third-party accounting provider totaled \$30,000 and \$95,000 for the years ended December 31, 2025 and 2024, respectively.

A member of the Board of Directors also provides professional development for music educators at grantee schools. The board member received \$5,000 of compensation in connection with services for the year ended December 31, 2025.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Foundation believes it has no uncertain tax positions as of December 31, 2025 and 2024 in accordance with FASB ASC Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 13 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits (\$250,000) by approximately \$1,711,000 and \$2,529,000 as of December 31, 2025 and 2024, respectively. Such excess includes outstanding checks.

For the years ended December 31, 2025 and 2024, the Foundation derived approximately 18% and 22%, respectively, of its contributions and grants from two different donors, with each percentage representing contributions from a distinct donor in each respective year..

SAVE THE MUSIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 13 – CONCENTRATIONS (CONTINUED)

For the years ended December 31, 2025 and 2024, the Foundation derived approximately 6% and 12%, respectively, of donated goods and services from MTV Entertainment Group.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 23, 2026, the date the financial statements were available to be issued.