

DANIEL'S MUSIC FOUNDATION

Financial Statements
with Independent Auditor's Report

December 31, 2023 and 2022

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

DANIEL'S MUSIC FOUNDATION

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

Page

Independent Auditor's 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

7-16



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Daniel's Music Foundation

Opinion

We have audited the accompanying financial statements of Daniel's Music Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Galleros Robinson CPAs, LLP

New York, New York
July 10, 2024

DANIEL'S MUSIC FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 443,654	\$ 396,939
Time deposits	1,489,010	1,142,076
Receivables and prepaid expenses	50,526	98,502
Property and equipment, net	2,266,083	2,365,685
Website, net	<u>255,921</u>	<u>-</u>
Total Assets	<u>\$ 4,505,194</u>	<u>\$ 4,003,202</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses and other payables	<u>\$ 101,512</u>	<u>\$ 47,147</u>
Total liabilities	<u>101,512</u>	<u>47,147</u>
 Commitments and Contingencies		
Net Assets		
Without donor restrictions	4,265,032	3,843,305
With donor restrictions	<u>138,650</u>	<u>112,750</u>
Total net assets	<u>4,403,682</u>	<u>3,956,055</u>
Total Liabilities and Net Assets	<u>\$ 4,505,194</u>	<u>\$ 4,003,202</u>

DANIEL'S MUSIC FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE						
Contributions and grants	\$ 775,252	\$ 186,080	\$ 961,332	\$ 647,426	\$ 226,860	\$ 874,286
Special event income, net	340,374	-	340,374	306,632	-	306,632
Tuition and program fees	131,465	-	131,465	106,485	-	106,485
Interest and other income	53,482	-	53,482	18,287	-	18,287
Net assets released from restrictions	<u>160,180</u>	<u>(160,180)</u>	<u>-</u>	<u>251,128</u>	<u>(251,128)</u>	<u>-</u>
Total operating support and revenue	<u>1,460,753</u>	<u>25,900</u>	<u>1,486,653</u>	<u>1,329,958</u>	<u>(24,268)</u>	<u>1,305,690</u>
OPERATING EXPENSES						
Program services	1,029,994	-	1,029,994	990,661	-	990,661
Management and general	66,242	-	66,242	64,448	-	64,448
Fundraising and development	<u>95,001</u>	<u>-</u>	<u>95,001</u>	<u>94,302</u>	<u>-</u>	<u>94,302</u>
Total operating expenses	<u>1,191,237</u>	<u>-</u>	<u>1,191,237</u>	<u>1,149,411</u>	<u>-</u>	<u>1,149,411</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>269,516</u>	<u>25,900</u>	<u>295,416</u>	<u>180,547</u>	<u>(24,268)</u>	<u>156,279</u>
NON-OPERATING ACTIVITIES:						
In-kind revenue	1,831,797	-	1,831,797	-	-	-
In-kind website expenses	(1,462,952)	-	(1,462,952)	-	-	-
Depreciation and amortization	(165,484)	-	(165,484)	(107,316)	-	(107,316)
In-kind marketing and advertising fees	<u>(51,150)</u>	<u>-</u>	<u>(51,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating activities	<u>152,211</u>	<u>-</u>	<u>152,211</u>	<u>(107,316)</u>	<u>-</u>	<u>(107,316)</u>
CHANGE IN NET ASSETS	<u>421,727</u>	<u>25,900</u>	<u>447,627</u>	<u>73,231</u>	<u>(24,268)</u>	<u>48,963</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,843,305</u>	<u>112,750</u>	<u>3,956,055</u>	<u>3,770,074</u>	<u>137,018</u>	<u>3,907,092</u>
NET ASSETS, END OF YEAR	<u>\$ 4,265,032</u>	<u>\$ 138,650</u>	<u>\$ 4,403,682</u>	<u>\$ 3,843,305</u>	<u>\$ 112,750</u>	<u>\$ 3,956,055</u>

DANIEL'S MUSIC FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Personnel								
Salaries	\$ 535,529	\$ 16,866	\$ 61,740	\$ 614,135	\$ 527,709	\$ 15,027	\$ 67,145	\$ 609,881
Payroll taxes and benefits	<u>131,261</u>	<u>4,134</u>	<u>15,133</u>	<u>150,528</u>	<u>129,317</u>	<u>3,682</u>	<u>16,454</u>	<u>149,453</u>
Total personnel expenses	666,790	21,000	76,873	764,663	657,026	18,709	83,599	759,334
Other than Personnel Expenses								
Technical support and contractors	72,685	-	-	72,685	69,839	-	-	69,839
Program expenses	149,776	-	-	149,776	133,213	-	-	133,213
Professional fees	5,120	23,347	-	28,467	8,225	25,262	-	33,487
Occupancy costs	106,921	4,502	1,125	112,548	94,602	3,983	996	99,581
Marketing	8,112	-	5,695	13,807	8,082	-	1,200	9,282
Special events indirect expense	-	-	5,715	5,715	-	-	4,534	4,534
Office supplies and expenses	5,628	216	4,994	10,838	4,362	183	3,684	8,229
Insurance	7,643	2,360	-	10,003	7,828	2,360	-	10,188
Telephone	7,044	297	74	7,415	6,795	286	72	7,153
In-kind website expenses	1,389,804	58,518	14,630	1,462,952	-	-	-	-
In-kind marketing and advertising fees	51,150	-	-	51,150	-	-	-	-
Depreciation and amortization	157,391	6,474	1,619	165,484	102,218	4,078	1,020	107,316
Miscellaneous	<u>275</u>	<u>14,520</u>	<u>525</u>	<u>15,320</u>	<u>689</u>	<u>13,665</u>	<u>217</u>	<u>14,571</u>
Total Expenses	2,628,339	131,234	111,250	2,870,823	1,092,879	68,526	95,322	1,256,727
Less: Nonoperating expenses								
In-kind website expenses	1,389,804	58,518	14,630	1,462,952	-	-	-	-
In-kind marketing and advertising fees	51,150	-	-	51,150	-	-	-	-
Depreciation and amortization	<u>157,391</u>	<u>6,474</u>	<u>1,619</u>	<u>165,484</u>	<u>102,218</u>	<u>4,078</u>	<u>1,020</u>	<u>107,316</u>
Total Operating Expenses	<u>\$ 1,029,994</u>	<u>\$ 66,242</u>	<u>\$ 95,001</u>	<u>\$ 1,191,237</u>	<u>\$ 990,661</u>	<u>\$ 64,448</u>	<u>\$ 94,302</u>	<u>\$ 1,149,411</u>

DANIEL'S MUSIC FOUNDATION**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 447,627	\$ 48,963
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated website	(317,695)	-
Depreciation and amortization	165,484	107,316
(Increase) decrease in assets:		
Receivables and prepaid expenses	47,976	(22,592)
Increase (decrease) in liabilities:		
Accrued expenses and other payables	<u>54,365</u>	<u>(17,136)</u>
Net cash from operating activities	<u>397,757</u>	<u>116,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of time deposits	(1,102,934)	(961,592)
Proceeds from time deposits	756,000	820,235
Purchases of equipment	<u>(4,108)</u>	<u>(2,550)</u>
Net cash used for investing activities	<u>(351,042)</u>	<u>(143,907)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	46,715	(27,356)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>396,939</u>	<u>424,295</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 443,654</u>	<u>\$ 396,939</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

No taxes or interest were paid during the years ended December 31, 2023 and 2022.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

1. PURPOSE AND NATURE OF ACTIVITIES

Daniel's Music Foundation (the "Foundation") was established to develop and provide music programs for individuals with developmental and physical disabilities and other challenges as well as raise awareness through music. The programs take place at the Foundation's expansive state-of-the-art music center (the "Center") in Manhattan that opened in September 2013. Commencing in March 2020, the Foundation started to provide online programs as part of their "Virtual Community". The Foundation now provides its programs both onsite and online allowing them to serve more deserving individuals. Additionally, the Foundation produces The Danny Awards, an annual, global award show that recognizes the musical talents of individuals with disabilities and celebrates differences.

The Foundation is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as well as applicable New York State statutes. The Foundation receives its principal revenue from contributions, grants, tuition and program fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Foundation 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 Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Time deposits

Time deposits consist of certificates of deposit with original maturities of greater than three months when acquired.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly. This includes quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets in non-active markets, inputs other than quoted prices that are observable for the asset/liability, and inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

Refer to Note 4 - Time Deposits for assets measured at fair value.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value of Financial Instruments

The Foundation's financial instruments, exclusive of cash, consist solely of certificates of deposit valued at original cost plus accrued interest, which approximates fair value.

Investment Income

All interest, dividends and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Realized gains or losses are recognized upon the sale of the security using the trade-date basis.

Revenue from Contracts

Tuition and Program Fees

The Foundation receives tuition and program fees from not-for-profit organizations and individuals to provide music instruction services. Revenue is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing the services.

Generally, the Foundation bills its customers throughout each month for services rendered or to be rendered. The Foundation records accounts receivable and revenue when earned for tuition and program fees based on established rates. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied. Tuition and program fees received in advance of services to be rendered are recorded as deferred revenue. Management considers accounts receivable at December 31, 2023 and 2022 to be immaterial.

Contributions and Grants

Contributions and grants are provided to the Foundation either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Grants - Continued

Nature of the Gift	Value Recognized
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Expected to be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Allowance for Doubtful Accounts

Historically, given the nature of its customers and donors, the Foundation has never experienced material credit losses. As of December 31, 2023 and 2022, there was no allowance for doubtful accounts. This estimate is based on management's assessment of the creditworthiness of its customers and funders, the aged basis of its receivables, as well as current economic conditions and historical information.

Property and Equipment

Property and equipment are stated at cost or fair value if donated, less accumulated depreciation and amortization. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets. Maintenance and repair costs are charged to expense as incurred, and costs of renewals and improvements are capitalized. The Foundation capitalizes property and equipment with a useful life of more than one (1) year, unless such property and equipment is funded by a grantor and the grantor retains title to the property and equipment.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Continued

Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Estimated Useful Lives</u>
Condominium	35 years
Condominium improvements	20 years
Musical instruments and equipment	5 years
Furniture and equipment	7 years

Website

Website is stated at cost or fair value if donated less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful life of the asset. The Foundation capitalizes website costs with a useful life of more than one (1) year. Amortization is calculated using the straight-line method over the website's estimated useful life of three (3) years.

Donated Assets and Services

Donated assets and services are recorded at the estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Contributions of services are recognized if the services received create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2023, the Foundation received in-kind contributions in the amount of \$1,831,797 for website, advertising and marketing.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Program expenses and technical support and contractors are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

Non-operating Activities

The Foundation considers in-kind revenue, in-kind website expenses, in-kind marketing and advertising fees and depreciation and amortization to be non-operating activities.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for Uncertainty in Income Taxes

The Foundation has adopted the provisions pertaining to uncertain tax provisions, FASB ASC Topic 740, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Foundation believes it is no longer subject to income tax examinations for years prior to 2020. Currently, there are no audits in progress.

Accounting for Leases

In 2022, the Foundation adopted the provisions pertaining to leases, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Subsequent events

Management has evaluated all events or transactions that occurred after December 31, 2023 through July 10, 2024, which is the date that the financial statements were available to be issued.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Foundation typically receives contributions and fees monthly, thereby providing a steady inflow of funds during the year. The Foundation's expenditures are not subject to significant seasonal fluctuations.

The Foundation manages its liquidity and reserves by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs. To achieve these targets, the Foundation forecasts its future cash flows and monitors its liquidity monthly.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES - CONTINUED

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchases of property and equipment, were as follows:

	2023	2022
Cash and cash equivalents	\$ 443,654	\$ 396,939
Time deposits	1,489,010	1,142,076
Receivables	<u>9,230</u>	<u>66,250</u>
	1,941,894	1,605,265
Less: Net assets with donor restrictions	<u>(138,650)</u>	<u>(112,750)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,803,244</u>	<u>\$ 1,492,515</u>

4. TIME DEPOSITS

Fair values of the time deposits were \$1,489,010 and \$1,142,076 as of December 31, 2023 and 2022, respectively. Time deposits are categorized as Level 2 in the fair value hierarchy. Interest and dividend income on time deposits for the years ended December 31, 2023 and 2022 were \$41,847 and \$17,263, respectively.

5. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaid expenses consist of the following at December 31:

	2023	2022
Accounts receivable	\$ 5,980	\$ 1,140
Pledges receivable	3,250	65,110
Prepaid expenses	<u>41,296</u>	<u>33,747</u>
	<u>\$ 50,526</u>	<u>\$ 99,997</u>

All receivables are due within one year.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 382,095	\$ 382,095
Condominium	2,165,206	2,165,206
Condominium improvements	667,110	667,110
Musical instruments and equipment	93,603	92,070
Furniture and equipment	<u>150,248</u>	<u>147,673</u>
	3,458,262	3,454,154
Less: Accumulated depreciation and amortization	<u>1,192,179</u>	<u>1,088,469</u>
	<u>\$ 2,266,083</u>	<u>\$ 2,365,685</u>

Depreciation and amortization expenses for the years ended December 31, 2023 and 2022 were \$103,710 and \$107,316, respectively.

7. WEBSITE, NET

The capitalized portion of the donated services related to website redesign amounting to \$317,695 has been reflected in the financial statements as website. As of December 31, 2023, amortization expense and accumulated amortization related to the website amounted to \$61,774.

8. IN-KIND CONTRIBUTIONS

For the year ended December 31, 2023, the Foundation received in-kind contributions in the amount of \$1,831,797. The Foundation recognizes in-kind contributions revenue and a corresponding asset or expense in an amount approximating the estimated fair value at the time of the donation. In-kind contributions consist of the following:

<u>Nonfinancial Assets/Expenses</u>	<u>Amount</u>	<u>Usage in Program/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
Website	\$ 1,780,647	Program services, management and general, fundraising and development	None	Estimated based on current rates of website redesign services (Level 2 inputs)
Marketing and advertising	51,150	Program services	None	Estimated based on current rates of marketing and advertising fees (Level 2 inputs)
	<u>\$ 1,831,797</u>			

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

8. IN-KIND CONTRIBUTIONS - CONTINUED

Other Contributed Services

The Founders of the Foundation serve as Executive Officers and Directors without compensation, as do all of the members of the Foundation's Board of Directors. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in completing its mission. No amounts have been recognized in the financial statements because the amounts were not material or the criteria for recognition under U.S. GAAP have not been satisfied.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were subject to the following restrictions at December 31, 2023 and 2022:

	2023	2022
Classes and field trips	\$ 7,400	\$ 6,500
Music and Disability Awareness Program	100,000	-
Time restrictions only	<u>31,250</u>	<u>106,250</u>
	<u>\$ 138,650</u>	<u>\$ 112,750</u>

Net assets released from restrictions during the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Classes and field trips	\$ 10,180	\$ -
Scholarships	-	9,568
Time restrictions only	<u>150,000</u>	<u>241,560</u>
	<u>\$ 160,180</u>	<u>\$ 251,128</u>

10. SPECIAL EVENT, NET

The Foundation held its Annual Spring Gala on May 23, 2023 and May 24, 2022. Income from the fundraising event is as follows:

	2023	2022
Special event revenue	\$ 437,466	\$ 397,579
Less: Special event direct expenses	<u>97,092</u>	<u>90,947</u>
Special event income	<u>\$ 340,374</u>	<u>\$ 306,632</u>

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

11. CONCENTRATIONS

For the year ended December 31, 2023, the donated asset and services related to the website redesign were received from one donor. In addition, For the years ended December 31, 2023 and 2022, approximately 24% and 27%, respectively, of the Foundation's operating support and revenue was received from one individual.