

DANIEL'S MUSIC FOUNDATION

Financial Statements
with Independent Auditor's Report

December 31, 2024 and 2023

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

DANIEL'S MUSIC FOUNDATION

DECEMBER 31, 2024 AND 2023

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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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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.

Galleras Robinson CPAs, LLP

New York, New York
April 30, 2025

DANIEL'S MUSIC FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 278,310	\$ 443,654
Time deposits	1,906,078	1,489,010
Receivables and prepaid expenses	66,815	50,526
Property and equipment, net	2,170,398	2,266,083
Website, net	<u>150,023</u>	<u>255,921</u>
Total Assets	<u>\$ 4,571,624</u>	<u>\$ 4,505,194</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses and other payables	<u>\$ 108,828</u>	<u>\$ 101,512</u>
Total liabilities	<u>108,828</u>	<u>101,512</u>
Commitments and Contingencies		
Net Assets		
Without donor restrictions	4,287,796	4,265,032
With donor restrictions	<u>175,000</u>	<u>138,650</u>
Total net assets	<u>4,462,796</u>	<u>4,403,682</u>
Total Liabilities and Net Assets	<u>\$ 4,571,624</u>	<u>\$ 4,505,194</u>

DANIEL'S MUSIC FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE						
Contributions and foundation grants	\$ 872,243	\$ 230,000	\$ 1,102,243	\$ 775,252	\$ 186,080	\$ 961,332
Special event income, net	358,532	-	358,532	340,374	-	340,374
Tuition and program fees	119,495	-	119,495	131,465	-	131,465
Interest and other income	94,573	-	94,573	53,482	-	53,482
Net assets released from restrictions	193,650	(193,650)	-	160,180	(160,180)	-
Total operating support and revenue	<u>1,638,493</u>	<u>36,350</u>	<u>1,674,843</u>	<u>1,460,753</u>	<u>25,900</u>	<u>1,486,653</u>
OPERATING EXPENSES						
Program services	1,222,369	-	1,222,369	1,029,994	-	1,029,994
Management and general	73,751	-	73,751	66,242	-	66,242
Fundraising and development	111,312	-	111,312	95,001	-	95,001
Total operating expenses	<u>1,407,432</u>	<u>-</u>	<u>1,407,432</u>	<u>1,191,237</u>	<u>-</u>	<u>1,191,237</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>231,061</u>	<u>36,350</u>	<u>267,411</u>	<u>269,516</u>	<u>25,900</u>	<u>295,416</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	(208,297)	-	(208,297)	(165,484)	-	(165,484)
In-kind marketing and advertising fees	-	-	-	(51,150)	-	(51,150)
Total non-operating activities	<u>(208,297)</u>	<u>-</u>	<u>(208,297)</u>	<u>152,211</u>	<u>-</u>	<u>152,211</u>
CHANGE IN NET ASSETS	22,764	36,350	59,114	421,727	25,900	447,627
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 4,287,796</u>	<u>\$ 175,000</u>	<u>\$ 4,462,796</u>	<u>\$ 4,265,032</u>	<u>\$ 138,650</u>	<u>\$ 4,403,682</u>

See notes to financial statements.

DANIEL'S MUSIC FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Personnel								
Salaries	\$ 642,320	\$ 21,229	\$ 66,257	\$ 729,806	\$ 535,529	\$ 16,866	\$ 61,740	\$ 614,135
Payroll taxes and benefits	147,550	4,877	15,220	167,647	131,261	4,134	15,133	150,528
Total personnel expenses	789,870	26,106	81,477	897,453	666,790	21,000	76,873	764,663
Other than Personnel Expenses								
Technical support and contractors	62,171	-	-	62,171	72,685	-	-	72,685
Program expenses	243,736	-	-	243,736	149,776	-	-	149,776
Professional fees	8,160	22,516	7,287	37,963	5,120	23,347	-	28,467
Occupancy costs	87,238	3,673	918	91,829	106,921	4,502	1,125	112,548
Marketing	8,951	-	12,475	21,426	8,112	-	5,695	13,807
Special events indirect expenses	-	-	3,998	3,998	-	-	5,715	5,715
Office supplies and expenses	6,442	204	4,978	11,624	5,628	216	4,994	10,838
Insurance	7,185	2,360	-	9,545	7,643	2,360	-	10,003
Telephone	7,677	323	81	8,081	7,044	297	74	7,415
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	198,010	8,230	2,057	208,297	157,391	6,474	1,619	165,484
Miscellaneous	939	18,569	98	19,606	275	14,520	525	15,320
Total Expenses	1,420,379	81,981	113,369	1,615,729	2,628,339	131,234	111,250	2,870,823
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	198,010	8,230	2,057	208,297	157,391	6,474	1,619	165,484
Total Operating Expenses	\$ 1,222,369	\$ 73,751	\$ 111,312	\$ 1,407,432	\$ 1,029,994	\$ 66,242	\$ 95,001	\$ 1,191,237

DANIEL'S MUSIC FOUNDATION**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 59,114	\$ 447,627
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated website	-	(317,695)
Depreciation and amortization	208,297	165,484
(Increase) decrease in assets:		
Receivables and prepaid expenses	(16,289)	47,976
Increase in liabilities:		
Accrued expenses and other payables	<u>7,316</u>	<u>54,365</u>
Net cash from operating activities	<u>258,438</u>	<u>397,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of time deposits	(2,287,068)	(1,102,934)
Proceeds from time deposits	1,870,000	756,000
Purchases of equipment	<u>(6,714)</u>	<u>(4,108)</u>
Net cash used for investing activities	<u>(423,782)</u>	<u>(351,042)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(165,344)	46,715
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>443,654</u>	<u>396,939</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 278,310</u>	<u>\$ 443,654</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

No taxes or interest were paid during the years ended December 31, 2024 and 2023.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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. Additionally, commencing in March 2020, in response to the pandemic, the Foundation started to provide online music programs as well. 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, Hello Inclusion, an annual music festival at Bethel Woods Center for the Arts, and has a record label, "Just Call Me By My Name" which distributes positive and thought-provoking music recorded by artists with disabilities.

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 and grants, special events income, 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.

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.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2024 and 2023 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. As permitted by Topic 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

Allowance for Credit Losses

Historically, given the nature of its customers and donors, the Foundation has never experienced material credit losses. As of December 31, 2024 and 2023, there was no allowance for credit losses. 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 programs 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. Such allocations are determined by management on an equitable basis. Program expenses and technical support and contractors are directly charged to program expenses.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - Continued

Expenses attributable to more than one functional expense category include the following:

Expenses	Method of Allocation
Salaries	Time and effort
Payroll taxes and benefits	
Professional fees	Based on direct usage for tangible items, time and effort for labor and services and rate per square footage for use of office space
Occupancy costs	
Marketing	
Office supplies and expenses	
Insurance	
Telephone	
In-kind website expenses	
Depreciation and amortization	
Miscellaneous	

Non-operating Activities

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

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 2021. Currently, there are no audits in progress.

Subsequent events

Management has evaluated all events or transactions that occurred after December 31, 2024 through April 30, 2025, which is the date that the financial statements were available to be issued.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

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, and 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.

As of December 31, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 278,310	\$ 443,654
Time deposits	1,906,078	1,489,010
Receivables	<u>15,279</u>	<u>9,230</u>
	2,199,667	1,941,894
Less: Net assets with donor restrictions	<u>(175,000)</u>	<u>(138,650)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,024,667</u>	<u>\$ 1,803,244</u>

4. TIME DEPOSITS

Fair values of the time deposits were \$1,906,078 and \$1,489,010 as of December 31, 2024 and 2023, 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, 2024 and 2023 were \$79,912 and \$41,847, respectively.

5. RECEIVABLES AND PREPAID EXPENSES

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

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 9,779	\$ 5,980
Pledges receivable	5,500	3,250
Prepaid expenses	<u>51,536</u>	<u>41,296</u>
	<u>\$ 66,815</u>	<u>\$ 50,526</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:

	2024	2023
Land	\$ 382,095	\$ 382,095
Condominium	2,165,206	2,165,206
Condominium improvements	667,110	667,110
Musical instruments and equipment	96,821	93,603
Furniture and equipment	153,744	150,248
	<u>3,464,976</u>	<u>3,458,262</u>
Less: Accumulated depreciation	1,294,578	1,192,179
	<u>\$ 2,170,398</u>	<u>\$ 2,266,083</u>

Depreciation expense for the years ended December 31, 2024 and 2023 were \$102,399 and \$103,710, respectively.

7. WEBSITE, NET

During 2023, 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, 2024 and 2023, website details are as follows:

	2024	2023
Website cost	\$ 317,695	\$ 317,695
Less: Accumulated amortization	167,672	61,774
	<u>\$ 150,023</u>	<u>\$ 255,921</u>

Amortization expenses for the years ended December 31, 2024 and 2023 were \$105,898 and \$61,774, respectively.

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

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>			

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Classes and field trips	\$ -	\$ 7,400
Music and Disability Awareness Program	120,000	100,000
Time restrictions only	55,000	31,250
	<u>\$ 175,000</u>	<u>\$ 138,650</u>

Net assets released from restrictions during the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Classes and field trips	\$ 7,400	\$ 10,180
Music and Disability Awareness Program	100,000	-
Time restrictions only	86,250	150,000
	<u>\$ 193,650</u>	<u>\$ 160,180</u>

DANIEL'S MUSIC FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

10. SPECIAL EVENT, NET

The Foundation held its Annual Spring Gala on May 17, 2024 and May 23, 2023. Income from the fundraising event is as follows:

	<u>2024</u>	<u>2023</u>
Special event revenue	\$ 504,886	\$ 437,466
Less: Special event direct expenses	<u>146,354</u>	<u>97,092</u>
Special event income	<u>\$ 358,532</u>	<u>\$ 340,374</u>

11. CONCENTRATIONS

The Foundation maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per institution. From time to time, the Foundation's balances may exceed this limit.

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, 2024 and 2023, approximately 21% and 24%, respectively, of the Foundation's operating support and revenue was received from one individual.