
MUSIC FOR ALL, INC.
AND AFFILIATE
COMBINED FINANCIAL STATEMENTS
Together with Independent Auditors' Report
FEBRUARY 28, 2019

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Music for All, Inc. and Affiliate:

We have audited the accompanying combined financial statements of Music for All, Inc. and Affiliate, which comprise the combined statement of financial position as of February 28, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Music for All, Inc. and Affiliate as of February 28, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Music for All, Inc. and Affiliate's 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwalt CPAs, Inc.

July 22, 2019

MUSIC FOR ALL, INC. AND AFFILIATE
 COMBINED STATEMENTS OF FINANCIAL POSITION
 FEBRUARY 28, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>LIABILITIES AND NET ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 2,476,505	\$ 2,121,505	Accounts payable	\$ 63,722	\$ 56,244
Certificates of deposit	780,210	1,197,265	Accrued expenses	563,960	432,071
Accounts receivable, net of allowance for doubtful accounts of \$45,100 at February 28, 2019 and 2018	952,651	832,658	Prepaid event income	<u>3,158,964</u>	<u>3,342,619</u>
Pledge receivable - short-term	5,400	5,000	<i>Total current liabilities</i>	<u>3,786,646</u>	<u>3,830,934</u>
Prepaid expenses	<u>500,109</u>	<u>497,738</u>	LONG-TERM LIABILITIES		
<i>Total current assets</i>	<u>4,714,875</u>	<u>4,654,166</u>	Deferred trust liability	30,475	32,246
INVESTMENTS			Reserve for license fees	<u>178,779</u>	<u>178,779</u>
Marketable securities	<u>324,570</u>	<u>330,872</u>	<i>Total long-term liabilities</i>	<u>209,254</u>	<u>211,025</u>
PROPERTY AND EQUIPMENT			<i>Total liabilities</i>	<u>3,995,900</u>	<u>4,041,959</u>
Property and equipment	1,658,428	1,669,516	COMMITMENTS (NOTES 6 AND 7)		
Accumulated depreciation and amortization	<u>(1,515,475)</u>	<u>(1,488,859)</u>	NET ASSETS		
<i>Net property and equipment</i>	<u>142,953</u>	<u>180,657</u>	Without donor restrictions	887,337	760,951
OTHER ASSETS			With donor restrictions	<u>454,176</u>	<u>522,022</u>
Pledge receivable - long-term	8,586	13,168	<i>Total net assets</i>	<u>1,341,513</u>	<u>1,282,973</u>
Charitable remainder trust	52,356	51,996			
Deposit	74,073	74,073			
Trademark	<u>20,000</u>	<u>20,000</u>			
<i>Total other assets</i>	<u>155,015</u>	<u>159,237</u>			
	<u>\$ 5,337,413</u>	<u>\$ 5,324,932</u>		<u>\$ 5,337,413</u>	<u>\$ 5,324,932</u>

See accompanying notes to financial statements.

MUSIC FOR ALL, INC. AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED FEBRUARY 28, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 28, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2019 TOTAL</u>	<u>2018 TOTAL</u>
REVENUE				
Program fees	\$ 1,380,717	\$ -	\$ 1,380,717	\$ 1,120,062
Housing and meal fees	2,083,610	-	2,083,610	1,669,665
Ticket fees	3,323,234	-	3,323,234	3,024,559
Band fees	738,904	-	738,904	648,825
Merchandise sales	15	-	15	1,354
Program book sales	181,395	-	181,395	164,817
Photography commissions	1,770	-	1,770	1,400
Merchandise commissions and sales	912,472	-	912,472	719,892
Sponsorships	896,526	-	896,526	1,036,769
Contributions	159,193	22,324	181,517	185,990
In-kind contributions	258,709	-	258,709	235,050
Grants	196,128	25,000	221,128	250,996
Interest and dividends	38,256	-	38,256	23,519
Realized gain on investments	51,448	-	51,448	-
Unrealized gain (loss) on investments	(57,086)	6,783	(50,303)	17,978
Miscellaneous	75,497	-	75,497	26,588
Net assets released from restrictions	121,953	(121,953)	-	-
<i>Total revenue</i>	<u>10,362,741</u>	<u>(67,846)</u>	<u>10,294,895</u>	<u>9,127,464</u>
EXPENSES				
Program	9,331,846	-	9,331,846	8,154,243
Fundraising	300,902	-	300,902	224,565
General and administrative	603,607	-	603,607	534,854
<i>Total expenses</i>	<u>10,236,355</u>	<u>-</u>	<u>10,236,355</u>	<u>8,913,662</u>
CHANGE IN NET ASSETS	126,386	(67,846)	58,540	213,802
NET ASSETS, BEGINNING OF YEAR	<u>760,951</u>	<u>522,022</u>	<u>1,282,973</u>	<u>1,069,171</u>
NET ASSETS, END OF YEAR	<u>\$ 887,337</u>	<u>\$ 454,176</u>	<u>\$ 1,341,513</u>	<u>\$ 1,282,973</u>

MUSIC FOR ALL, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED FEBRUARY 28, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 28, 2018

	PROGRAM EXPENSES	FUNDRAISING EXPENSES	GENERAL AND ADMINISTRATIVE EXPENSES	2019 TOTAL	2018 TOTAL
PROGRAMS					
Awards and trophies	\$ 121,258	\$ 2,961	\$ -	\$ 124,219	\$ 120,297
Scholarships and grants	6,000	-	-	6,000	7,000
Clinicians' and judges' fees	1,181,201	-	-	1,181,201	1,033,752
Copyright fees	17,577	-	-	17,577	18,152
Cost of merchandise sold	244,486	-	-	244,486	241,594
Equipment rental	214,573	118	-	214,691	189,487
Program promotion	166,302	16,588	50,568	233,458	201,684
Facility rental	831,183	-	-	831,183	789,294
Participants' housing and meals	2,126,818	-	-	2,126,818	1,674,474
Outside services	1,369,438	3,513	21,091	1,394,042	1,405,568
Other program expenses	578,483	24,976	17,294	620,753	551,652
<i>Total programs and activities</i>	<u>6,857,319</u>	<u>48,156</u>	<u>88,953</u>	<u>6,994,428</u>	<u>6,232,954</u>
PERSONNEL RELATED					
Salaries and contract employees	1,500,900	200,728	290,337	1,991,965	1,567,614
Salaries - payroll taxes	106,972	6,674	26,743	140,389	119,624
403(b) contribution	28,070	1,580	7,017	36,667	36,118
Staff travel, housing and meals	25,922	10,217	6,480	42,619	12,641
Group insurance	133,644	8,300	33,411	175,355	137,257
Other personnel related expenses	40,334	3,234	10,084	53,652	25,228
<i>Total personnel related</i>	<u>1,835,842</u>	<u>230,733</u>	<u>374,072</u>	<u>2,440,647</u>	<u>1,898,482</u>
BUILDING AND FACILITY					
Depreciation and amortization	21,613	810	4,593	27,016	28,923
Rental - office building	191,855	7,195	40,769	239,819	239,824
Repairs and maintenance	17,993	642	3,640	22,275	20,263
Telephone and utilities	46,802	1,748	9,903	58,453	59,363
<i>Total building and facility</i>	<u>278,263</u>	<u>10,395</u>	<u>58,905</u>	<u>347,563</u>	<u>348,373</u>
OFFICE AND ADMINISTRATIVE					
Board of director's expense	14,662	550	3,116	18,328	16,109
Computer services and supplies	132,463	8,193	27,556	168,212	125,625
Business insurance	72,128	2,705	15,327	90,160	105,342
Interest	2,451	-	613	3,064	725
Franchise, sales, and income taxes	52	-	-	52	13,693
Other office and administrative	138,666	170	35,065	173,901	172,359
<i>Total office and administrative</i>	<u>360,422</u>	<u>11,618</u>	<u>81,677</u>	<u>453,717</u>	<u>433,853</u>
	<u>\$ 9,331,846</u>	<u>\$ 300,902</u>	<u>\$ 603,607</u>	<u>\$ 10,236,355</u>	<u>\$ 8,913,662</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from program activities and contributors	\$ 9,630,088	\$ 9,283,881
Cash paid to suppliers and employees	(9,745,470)	(9,550,184)
Interest paid	(3,064)	(725)
Interest and dividend income	38,256	23,519
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents used in operating activities</i>	<u>(80,190)</u>	<u>(243,509)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(10,612)	(125,711)
Proceeds from sale of fixed assets	21,300	-
Decrease (increase) in certificates of deposit	417,055	(777,522)
Proceeds from sales of marketable securities	224,788	-
Purchases of marketable securities	(217,341)	(15,657)
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents provided by (used in) investing activities</i>	<u>435,190</u>	<u>(918,890)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	355,000	(1,162,399)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,121,505</u>	<u>3,283,904</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,476,505</u>	<u>\$ 2,121,505</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH AND
 CASH EQUIVALENTS USED IN OPERATING ACTIVITIES

	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS	\$ 58,540	\$ 213,802
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Depreciation and amortization	27,016	28,923
Realized gain on investments	(51,448)	-
Unrealized (gain) loss on investments	50,303	(17,978)
Charitable reminder trust contribution	(360)	(51,996)
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable, net	(119,993)	(78,151)
Pledge receivable	4,182	4,786
Inventory	-	19,477
Prepaid expenses	(2,371)	(143,106)
Deposit	-	(74,073)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	7,478	39,624
Accrued expenses	131,889	(830,285)
Prepaid event income	(183,655)	656,304
Deferred trust liability	(1,771)	(1,651)
Reserve for license fees	-	(9,185)
<i>Total adjustments</i>	<u>(138,730)</u>	<u>(457,311)</u>
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	<u>\$ (80,190)</u>	<u>\$ (243,509)</u>

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Music for All, Inc. (Music for All) is an Illinois not-for-profit corporation located in Indiana whose mission is to create, provide and expand positively life-changing experiences through music for all. Music for All is one of the largest and most influential national music education organizations in support of active music-making, combining programming at a national level with active and ongoing advocacy for music education and the arts. The majority of Music for All's revenues come from program fees and sponsorships.

The combined financial statements include the activities of Music for All Foundation (Foundation), an organization affiliated through common control, which awards grants and scholarships to further music education.

PRINCIPLES OF COMBINATION

The accompanying financial statements include the accounts of Music for All and the Foundation (the Organizations). All significant transactions and balances between the Organizations have been eliminated.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended February 28, 2018, from which the summarized information was derived.

CASH

For purposes of the statement of cash flows, the Organizations consider all highly liquid temporary cash investments purchased with a maturity of three months or less to be cash equivalents. The Organizations had cash equivalents of \$1,966,525 and \$1,651,440 at February 28, 2019 and 2018, respectively. The Organizations maintain cash balances at commercial banks. Music for All had cash in excess of Federal Deposit Insurance Corporation (FDIC) limits at February 28, 2019 and 2018 of approximately \$166,000 and \$269,000, respectively.

RECEIVABLES AND CREDIT POLICIES

Accounts receivable are stated at the amount billed. Account balances with invoices over 90 days past the due date are considered delinquent. In addition to management attempting collection on all accounts over 90 days, those accounts are placed on hold status until payment arrangements are made. Receivable balances are not written off as bad debts until approved by the Board of Directors.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECEIVABLES AND CREDIT POLICIES, CONTINUED

Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, the participant is contacted to determine to which outstanding invoices to apply payment.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased or fair value if donated. All acquisitions of property and equipment in excess of \$1,000 and a useful life greater than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5-10 years for furniture and equipment). Leasehold improvements are amortized over the term of the lease.

TRADEMARK

A trademark was acquired during the 2007 merger and was recorded at the previous entity's cost. The trademark is reviewed for impairment on an annual basis.

REVENUE RECOGNITION

Event fees and related revenue are recognized in the period in which the event occurs. Amounts collected in advance are recorded as prepaid event income. Sales and commissions are recognized when earned.

Donors' unconditional promises to give cash and other assets are required to be recognized as contribution revenue in the period the promises are made. Promises which are conditional or which are not supported by appropriate documentation are not recognized as contribution revenue until conditions have been satisfied or amounts have been received. Donations of material and supplies, including the use of a facility, are recorded as revenue (in-kind contributions) and applicable expense at their estimated fair value at the date of the donation.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

RESERVE FOR LICENSE FEES

The financial statements include a reserve liability for management's estimate of royalties and license fees due (or potentially due) on distribution related to audio/video media of Music for All events in 2013 through 2016. Provisions to the reserve are based on total audio/video media previously distributed.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSET CLASSIFICATIONS

Under Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, the Organizations are required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions includes general and board designated assets and liabilities of the Organizations. The net assets without donor restrictions of the Organizations may be used at the discretion of management to support the Organizations' purposes and operations. The Board of Directors has designated a portion of these net assets to be used in the event of an emergency in the amount of \$94,199 at February 28, 2019 and February 28, 2018.

WITH DONOR RESTRICTIONS

Net assets with donor restrictions include contributions and grants with restrictions specified by the donors or grantors. Net assets with donor restrictions include time, purpose, and perpetually restricted amounts. Time and purpose restricted amounts are discussed in Note 12. Perpetually restricted amounts are discussed in Note 13. When a donor restriction expires, that is, when a 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 Statement of Activities as net assets released from restrictions.

Net assets with donor restrictions consisted of the following at February 28:

	<u>2019</u>	<u>2018</u>
Time and purpose restricted (Note 12)	\$ 240,373	\$ 329,463
Perpetually restricted (Note 13)	<u>213,803</u>	<u>192,559</u>
	<u>\$ 454,176</u>	<u>\$ 522,022</u>

IN-KIND CONTRIBUTIONS

The Organizations receive contributed services, goods, and use of facilities. The fair market value of these services, goods and facilities of \$258,709 and \$235,050 for the years ended February 28, 2019 and 2018, respectively, has been reflected in the accompanying financial statements. This includes annual rent of \$132,000 for the years ended February 28, 2019 and 2018. See Note 16. Accordingly, these transactions have been treated as non-cash transactions and are properly excluded from the statements of cash flows.

MUSIC FOR ALL, INC. AND AFFILIATE
 NOTES TO COMBINED FINANCIAL STATEMENTS
 FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

EXPENSE ALLOCATION

The cost of providing the programs and services of the Organizations have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Expenses have been classified as program (event expenses), fundraising, and general and administrative expenses based on the actual direct expenditures and cost allocation based on estimates of time and usage by the Organizations' personnel and programs.

ADVERTISING COSTS

The Organizations incurred \$61,008 and \$45,891 in advertising expense for the years ended February 28, 2019 and 2018, respectively. These costs were expensed as incurred.

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Assets measured on a recurring basis at February 28, 2019 and 2018 are as follows:

2019	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds				
Growth	\$ 84,554	\$ 84,554	\$ -	\$ -
Value	78,278	78,278	-	-
Emerging markets	24,589	24,589	-	-

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fixed income	137,149	137,149	-	-
Total mutual funds	<u>\$ 324,570</u>	<u>\$ 324,570</u>	<u>\$ -</u>	<u>\$ -</u>
Pledge receivable	<u>\$ 13,986</u>	<u>\$ -</u>	<u>\$ 13,986</u>	<u>\$ -</u>
Charitable remainder trust	<u>\$ 52,356</u>	<u>\$ -</u>	<u>\$ 52,356</u>	<u>\$ -</u>

2018	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Growth	\$ 82,848	\$ 82,848	\$ -	\$ -
Value	107,129	107,129	-	-
Blended	7,202	7,202	-	-
Emerging markets	10,088	10,088	-	-
Fixed income	<u>123,605</u>	<u>123,605</u>	<u>-</u>	<u>-</u>
Total mutual funds	<u>\$ 330,872</u>	<u>\$ 330,872</u>	<u>\$ -</u>	<u>\$ -</u>
Pledge receivable	<u>\$ 18,168</u>	<u>\$ -</u>	<u>\$ 18,168</u>	<u>\$ -</u>
Charitable remainder trust	<u>\$ 51,996</u>	<u>\$ -</u>	<u>\$ 51,996</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair market value:

- Mutual funds - Valued at the net asset value of shares held by the Organizations at year-end as quoted in the active market.
- Pledge receivable – Valued at the net present value of future cash flows. See Note 4.
- Charitable remainder trust – Valued at the net present value of future cash flows based on the life expectancy of the donor. See Note 8.

The valuation methodologies have not changed during the year ended February 28, 2019.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through July 22, 2019, which is the date the financial statements were available to be issued.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENT

The Organizations have adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended February 28, 2019. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted and permanently restricted to two, net assets with and without donor restrictions. The update requires all not-for-profit entities to present the statement of functional expenses as a part of the basic financial statements or in the footnotes. In addition, the update requires a new disclosure regarding the availability of resources and liquidity. The Organizations have adjusted the presentation of these statements accordingly. With the exception of Note 2, the update has been applied retrospectively to all periods presented but had no impact on total net assets as of February 28, 2018.

2. AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Organizations' financial assets as of February 28, 2019, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity proposes, the reserves could be drawn upon through the approval of the Board of Directors.

	<u>2019</u>
Financial assets at year-end:	
Cash	\$ 2,476,505
Certificates of deposit	780,210
Investments	324,570
Accounts and pledge receivable	958,051
Charitable remainder trust	<u>52,356</u>
Total financial assets	<u>4,591,692</u>
Less amounts not available to be used within one year:	
Board designated net assets	94,199
Net assets with donor restrictions	<u>454,176</u>
Financial assets not available for use within one year	<u>548,375</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,043,317</u>

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

The Organizations' investments are not donor restricted. The Board's intent is not to use these assets for general use, but only for specific projects or programs that benefit the programs, participants and initiatives of the Organizations.

The Organizations regularly monitor liquidity required to meet their operating needs and other commitments. The Organizations have various sources of liquidity at their disposal including cash and a line of credit. See Note 10 for information about the Organizations' line of credit.

3. CERTIFICATES OF DEPOSIT

Music for All invests in FDIC-insured bank certificates of deposit which are recorded at cost and totaled \$780,210 and \$1,197,265 at February 28, 2019 and 2018, respectively. The certificates bear interest ranging from 2.25% to 2.60% and have maturities ranging from four to twenty-four months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. All certificates are fully insured under FDIC limits.

4. PLEDGE RECEIVABLE

Pledge receivable is recorded at its estimated fair value. Amounts due in more than one year are recorded at the present value of future cash flows, discounted at a rate of 4.27%. Pledge receivable consisted of the following at February 28:

Pledge receivable expected to be collected in:

Less than one year	<u>2019</u>	<u>2018</u>
Less than one year	\$ 5,400	\$ 5,000
One to three years	10,000	15,000
Less discount to present value	<u>(1,414)</u>	<u>(1,832)</u>
	<u>\$ 13,986</u>	<u>\$ 18,168</u>

5. ENDOWMENT FUNDS

The Organizations' endowment consists of donor perpetually restricted contributions that were made to provide a source of income for scholarships. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Organizations have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classify as perpetually restricted net assets the original value of gifts donated to the perpetual endowment. In accordance with SPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organizations and the donor-restricted endowment fund
- (3) General economic conditions

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

5. ENDOWMENT FUNDS, CONTINUED

- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organizations
- (7) The investment policies of the Organizations

Changes in Endowment Net Assets for the years ended February 28, 2019 and 2018:

<u>2019</u>	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 770	\$ 192,559	\$ 193,329
Donations	-	21,244	21,244
Investment income	967	-	967
Appropriation of endowment net assets for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 1,737</u>	<u>\$ 213,803</u>	<u>\$ 215,540</u>

<u>2018</u>	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 458	\$ 176,469	\$ 176,927
Donations	-	16,090	16,090
Investment income	7,651	-	7,651
Appropriation of endowment net assets for expenditure	(7,339)	-	(7,339)
Endowment net assets, end of year	<u>\$ 770</u>	<u>\$ 192,559</u>	<u>\$ 193,329</u>

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in perpetuity.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy long-term rate-of-return objectives, the Organizations rely on a total return strategy administered by PNC Investments in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). PNC Investments targets a diversified asset allocation that places a greater emphasis on long-term growth and a reasonable return.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

5. ENDOWMENT FUNDS, CONTINUED

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Organizations have a policy whereby disbursements can be made up to 5% of the endowment's previous year fund balance for the Organizations' scholarships. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

6. INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Unrealized gains and losses are based on the differences between cost and fair value of each classification of security and are reported in the statement of activities. Fair market value is determined by quoted prices in the active market.

Cost and fair value of investments at February 28 are as follows:

	<u>2019</u> <u>Fair</u> <u>Value</u>	<u>2019</u> <u>Cost</u>	<u>2018</u> <u>Fair</u> <u>Value</u>	<u>2018</u> <u>Cost</u>
Marketable Securities	\$ 324,570	\$ 330,479	\$ 330,872	\$ 286,479

7. PROPERTY AND EQUIPMENT

Property and equipment at February 28 is as follows:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 771,758	\$ 764,818
Capitalized software	76,906	105,306
Furniture and equipment	<u>809,764</u>	<u>799,392</u>
	1,658,428	1,669,516
Accumulated depreciation and amortization	<u>(1,515,475)</u>	<u>(1,488,859)</u>
	<u>\$ 142,953</u>	<u>\$ 180,657</u>

8. CHARITABLE REMAINDER TRUST

During 2018, a donor named Music for All as a beneficiary of a charitable remainder trust. The charitable remainder trust will provide payment of \$120,000 for the Organizations' use after the donor's passing. In the period the trust is established, the portion of the trust attributable to the present value of the future benefits to be received by Music for All is recorded in the Statement of Activities as a contribution with donor restrictions. The contribution was valued at \$52,356 and \$51,996 at February 28, 2019 and 2018, respectively, using a discount rate of 4.5%.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

9. PREPAID EVENT INCOME

Music for All records prepaid event income when funds are collected in advance for events. Once the event takes place, the funds are recognized as income. The prepaid account also includes sponsorship income that is contractually obligated to Music for All. Income is recognized as Music for All fulfills the contract requirements. Prepaid event income as of February 28, 2019 and 2018 was \$3,158,964 and \$3,342,619, respectively.

10. BANK LINE OF CREDIT

Music for All has a \$620,000 line of credit with a bank that expires in September 2019. The line of credit bears interest at the prime rate plus .5% (6.0% at February 28, 2019). Music for All had no outstanding balance on the line of credit at February 28, 2019 and 2018.

11. DEFERRED TRUST LIABILITY

Music for All received a charitable gift annuity trust of \$75,000 during the year ended February 29, 2008. Under this trust agreement, Music for All is required to pay the donor \$4,125 annually, in quarterly installments. Music for All has recorded a deferred trust liability for the estimated value of these payments. The deferred trust liability was \$30,475 and \$32,246 at February 28, 2019 and 2018, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS - TIME AND PURPOSE RESTRICTED

Net assets with time and purpose restrictions include assets of Music for All and the Foundation related to gifts with explicit donor-imposed restrictions that have not been met as to a specified purpose or to later periods of time or after specified dates. Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors. Donor restricted promises to give that are due in future periods and are not perpetually restricted are classified as time and purpose restricted net assets. Time and purpose restricted net assets are comprised of the following at February 28:

<u>2019</u>	<u>Beginning Balance</u>	<u>New Restrictions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
National Association of Uniform Manufacturers and Distributors	\$ 1,103	\$ 55	\$ -	\$ 1,158
Mark Jolesch Scholarship	411	20	-	431
McLeroy Scholarship Fund	1,524	100	-	1,624
Tang Family Scholarship	144	75	-	219
The Paynter Project	3,316	339	-	3,655
Mark Williams Fund	108,197	5,910	5,200	108,907
Revelli Scholarship	273	38	-	311

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

12. NET ASSETS WITH DONOR RESTRICTIONS - TIME AND PURPOSE RESTRICTED, CONTINUED

Guitar Center, Inc. – Teacher Ed. Fund	50,000	-	-	50,000
Lilly National Choir Festival	98,984	-	98,984	-
I-65 Corridor Project	12,746	-	12,746	-
Farbman/West Charitable Remainder Trust	51,996	360	-	52,356
Spin Network	-	25,000	5,024	19,976
L.J. Hancock Memorial Endowment	308	46	-	354
Fred J. Miller Scholarship Fund	150	50	-	200
Sophie Rinehart Fund	311	871	-	1,182
	<u>\$ 329,463</u>	<u>\$ 32,864</u>	<u>\$ 121,954</u>	<u>\$ 240,373</u>

2018	<u>Beginning Balance</u>	<u>New Restrictions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
National Association of Uniform Manufacturers and Distributors	\$ 1,050	\$ 53	\$ -	\$ 1,103
Mark Jolesch Scholarship	391	20	-	411
McLeroy Scholarship Fund	1,451	73	-	1,524
Tang Family Scholarship	69	75	-	144
The Paynter Project	3,158	158	-	3,316
Mark Williams Fund	107,976	5,421	5,200	108,197
Revelli Scholarship	260	13	-	273
Guitar Center, Inc. – Teacher Ed. Fund	50,000	-	-	50,000
Lilly National Choir Festival	-	98,984	-	98,984

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

12. NET ASSETS WITH DONOR RESTRICTIONS - TIME AND PURPOSE RESTRICTED, CONTINUED

I-65 Corridor Project	-	20,000	7,254	12,746
Farbman/West Charitable Remainder Trust	-	51,996	-	51,996
L.J. Hancock Memorial Endowment	308	-	-	308
Fred J. Miller Scholarship Fund	150	-	-	150
Sophie Rinehart Fund	-	311	-	311
	<u>\$ 164,813</u>	<u>\$ 177,104</u>	<u>\$ 12,454</u>	<u>\$ 329,463</u>

13. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUALLY RESTRICTED

Perpetually restricted net asset class includes assets of the Foundation for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. Perpetually restricted net assets are comprised of the following at February 28, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>New Restrictions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Honor Band Chair Endowment	\$ 50,750	\$ -	\$ -	\$ 50,750
L.J. Hancock Memorial Endowment	35,923	625	-	36,548
Sandy Feldstein Legacy Fund	36,556	223	-	36,779
Fred J. Miller Scholarship Fund	21,000	-	-	21,000
Tang Family Scholarship Fund	28,167	419	-	28,586
Sophie Rinehart Fund	14,976	17,422	-	32,398
Foundation Endowment	<u>5,187</u>	<u>2,555</u>	<u>-</u>	<u>7,742</u>
	<u>\$ 192,559</u>	<u>\$ 21,244</u>	<u>\$ -</u>	<u>\$ 213,803</u>

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

13. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUALLY RESTRICTED, CONTINUED

<u>2018</u>	<u>Beginning Balance</u>	<u>New Restrictions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Honor Band Chair Endowment	\$ 50,750	\$ -	\$ -	\$ 50,750
L.J. Hancock Memorial Endowment	35,723	200	-	35,923
Sandy Feldstein Legacy Fund	36,556	-	-	36,556
Fred J. Miller Scholarship Fund	21,000	-	-	21,000
Tang Family Scholarship Fund	27,954	213	-	28,167
Sophie Rinehart Fund	-	14,976	-	14,976
Foundation Endowment	<u>4,486</u>	<u>701</u>	<u>-</u>	<u>5,187</u>
	<u>\$ 176,469</u>	<u>\$ 16,090</u>	<u>\$ -</u>	<u>\$ 192,559</u>

14. TAX STATUS

Music for All and the Foundation are not-for-profit organizations, exempt from income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code and have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code. However, if income is generated from certain activities not directly related to Music for All's tax exempt purpose, such income would be subject to taxation as unrelated business income.

15. EMPLOYEE BENEFIT PLAN

Through December 31, 2018, Music for All maintained a Section 403(b) salary reduction retirement plan. Beginning January 1, 2019, Music for All converted this plan to a 401(k) retirement plan. The plan covers essentially all salaried employees who have completed one year of service. The plan agreement provides for discretionary employer matching contributions. The discretionary match is at an amount not to exceed 4% of the employee's annual salary. The matching contributions are subject to a six-year graded vesting schedule that provides 20% vesting after two years of service and 20% per year thereafter (100% vested after six years of service). Music for All's contributions for the years ended February 28, 2019 and 2018 totaled \$35,087 and \$36,118, respectively.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

16. LEASES

Music for All has a lease for office space that expires June 2023. Rent escalates annually. The straight-line rent payments are \$5,652 per month. Total lease expense under the office lease was \$67,819 for the year ended February 28, 2019. The liability related to the difference between straight-line rent and actual cash rental payments of \$200,442 and \$198,934 at February 28, 2019 and 2018, respectively, is reflected in accrued expenses on the statements of financial position. The estimated fair market value of this lease was approximately \$20,000 per month. In recognition of the contribution, the donor was acknowledged as a sponsor at events throughout the fiscal year, carrying a value of approximately \$40,000. Accordingly, the fair market value of the lease recognized in fiscal year 2019 was \$132,000, as noted in Note 1, which is recorded as an in-kind contribution for the leased office space.

Music for All also leases office equipment under operating leases that have various expiration dates through March 2022. Equipment rental expense for the years ended February 28, 2019 and 2018 for these leases amounted to \$28,065 and \$28,280, respectively. Music for All rents other equipment on a temporary basis for camps and other activities.

Future minimum lease payments required under these leases are as follows for the years ending February 28:

2020	\$	105,711
2021		112,553
2022		122,607
2023		138,822
2024		<u>48,227</u>
	\$	<u>527,920</u>

The Organization has a tenant that was leasing office space under an agreement that expired in March 2019, and the monthly payment under the lease agreement was \$2,039. In March of 2019, the lease was renewed with an expiration date of March 2020 and the negotiated monthly payment is \$1,664. Receipts totaled \$24,515 and \$25,032 for the years ended February 28, 2019 and 2018, respectively. Future minimum rental receipts for the year ending February 28, 2020 and 2021 are \$20,346 and \$1,664, respectively.

17. COMMITMENTS

Music for All has contracted to hold a portion of its programming activities at three venues through October 2022, June 2023, and November 2023. The minimum total amount due under these contracts is approximately \$525,000. Music for All reserves hotel rooms in advance of future events which have commitments. The fiscal year 2020 agreement was signed prior to February 28, 2019 and has a food and beverage minimum of \$225,000. If the minimum is not met, Music for All owes the shortage multiplied by 40%. The agreement also includes escalating cancellation clauses. The 2020 event was held in March 2019, and Music for All did not incur any cancellation or food and beverage penalties. The fiscal years 2020, 2021, and 2022 agreements were signed prior to February 28, 2019 and have food and beverage minimums of \$225,000, \$229,000, and \$229,000, respectively.

Music for All also has agreements in place to sponsor future events through May 2019. The total commitments related to these agreements are \$12,500.

MUSIC FOR ALL, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FEBRUARY 28, 2019 AND 2018

17. COMMITMENTS, CONTINUED

Music for All also has agreements in place with various educational consultants to assist in coordinating future events through April 2023. The total commitments related to these agreements are as follows for the years ending February 28:

2020	\$	223,766
2021		141,500
2022		129,167
2023		31,500
2024		<u>2,000</u>
	\$	<u>527,933</u>

Also, in 2019, Music for All entered a software licensure agreement through March 2023 with fees approximating \$62,000 annually.

18. RECLASSIFICATIONS

Certain balances in the 2018 financial statements have been retroactively reclassified for comparative purposes to conform to the presentation in the 2019 financial statements. These reclassifications had no impact on net assets as of February 28, 2018.



Greenwalt CPAs, Inc.
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Boards of Directors of
Music for All, Inc. and Affiliate:

We have audited the combined financial statements of Music for All, Inc. and Affiliate as of and for the year ended February 28, 2019, and our report thereon dated July 22, 2019, which expressed an unmodified opinion on those combined financial statements appears on page 1. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the combined statement of financial position of Music for All, Inc. and Affiliate as of February 28, 2018 and the related combined statements of activities, functional expenses and cash flows for the year then ended, and we expressed an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The information in Exhibits I through VI is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

July 22, 2019

Greenwalt CPAs, Inc.

MUSIC FOR ALL, INC. AND AFFILIATE
 COMBINING STATEMENTS OF FINANCIAL POSITION
 FEBRUARY 28, 2019
 WITH COMPARATIVE TOTALS AS OF FEBRUARY 28, 2018

Exhibit I

<u>ASSETS</u>	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	2019 TOTAL	2018 TOTAL
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,451,369	\$ 25,136	\$ -	\$ 2,476,505	\$ 2,121,505
Certificates of deposit	780,210	-	-	780,210	1,197,265
Accounts receivable, net of allowance for doubtful accounts of \$45,100 at February 28, 2019 and 2018	951,651	1,000	-	952,651	832,658
Accounts receivable - related party	-	28,378	(28,378)	-	-
Pledge receivable - short-term	-	5,400	-	5,400	5,000
Prepaid expenses	500,109	-	-	500,109	497,738
<i>Total current assets</i>	<u>4,683,339</u>	<u>59,914</u>	<u>(28,378)</u>	<u>4,714,875</u>	<u>4,654,166</u>
INVESTMENTS					
Marketable securities	-	324,570	-	324,570	330,872
PROPERTY AND EQUIPMENT					
Property and equipment	1,650,579	7,849	-	1,658,428	1,669,516
Accumulated depreciation and amortization	(1,507,626)	(7,849)	-	(1,515,475)	(1,488,859)
<i>Net property and equipment</i>	<u>142,953</u>	<u>-</u>	<u>-</u>	<u>142,953</u>	<u>180,657</u>
OTHER ASSETS					
Pledge receivable - long-term	-	8,586	-	8,586	13,168
Charitable remainder trust	52,356	-	-	52,356	51,996
Deposit	74,073	-	-	74,073	74,073
Trademark	20,000	-	-	20,000	20,000
<i>Total other assets</i>	<u>146,429</u>	<u>8,586</u>	<u>-</u>	<u>155,015</u>	<u>159,237</u>
	<u>\$ 4,972,721</u>	<u>\$ 393,070</u>	<u>\$ (28,378)</u>	<u>\$ 5,337,413</u>	<u>\$ 5,324,932</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts payable	\$ 63,722	\$ -	\$ -	\$ 63,722	\$ 56,244
Accounts payable - related party	28,378	-	(28,378)	-	-
Accrued expenses	559,960	4,000	-	563,960	432,071
Prepaid event income	3,158,964	-	-	3,158,964	3,342,619
<i>Total current liabilities</i>	<u>3,811,024</u>	<u>4,000</u>	<u>(28,378)</u>	<u>3,786,646</u>	<u>3,830,934</u>
LONG-TERM LIABILITIES					
Deferred trust liability	30,475	-	-	30,475	32,246
Reserve for license fees	178,779	-	-	178,779	178,779
<i>Total long-term liabilities</i>	<u>209,254</u>	<u>-</u>	<u>-</u>	<u>209,254</u>	<u>211,025</u>
<i>Total liabilities</i>	<u>4,020,278</u>	<u>4,000</u>	<u>(28,378)</u>	<u>3,995,900</u>	<u>4,041,959</u>
NET ASSETS					
Without donor restrictions	830,111	57,226	-	887,337	760,951
With donor restrictions	122,332	331,844	-	454,176	522,022
	<u>952,443</u>	<u>389,070</u>	<u>-</u>	<u>1,341,513</u>	<u>1,282,973</u>
	<u>\$ 4,972,721</u>	<u>\$ 393,070</u>	<u>\$ (28,378)</u>	<u>\$ 5,337,413</u>	<u>\$ 5,324,932</u>

MUSIC FOR ALL, INC. AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED FEBRUARY 28, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 28, 2018

Exhibit II

	WITHOUT DONOR RESTRICTIONS				WITH DONOR RESTRICTIONS			2019 TOTAL	2018 TOTAL
	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	TOTAL		
REVENUE									
Program fees	\$ 1,380,717	\$ -	\$ -	\$ 1,380,717	\$ -	\$ -	\$ -	\$ 1,380,717	\$ 1,120,062
Housing and meal fees	2,083,610	-	-	2,083,610	-	-	-	2,083,610	1,669,665
Ticket fees	3,323,234	-	-	3,323,234	-	-	-	3,323,234	3,024,559
Band fees	738,904	-	-	738,904	-	-	-	738,904	648,825
Merchandise sales	15	-	-	15	-	-	-	15	1,354
Program book sales	181,395	-	-	181,395	-	-	-	181,395	164,817
Photography commissions	1,770	-	-	1,770	-	-	-	1,770	1,400
Merchandise commissions and sales	912,472	-	-	912,472	-	-	-	912,472	719,892
Sponsorships	894,126	2,400	-	896,526	-	-	-	896,526	1,036,769
Contributions	154,542	4,651	-	159,193	359	21,965	22,324	181,517	185,990
In-kind contributions	258,709	-	-	258,709	-	-	-	258,709	235,050
Grants	204,578	-	(8,450)	196,128	25,000	-	25,000	221,128	250,996
Interest and dividends	30,307	7,949	-	38,256	-	-	-	38,256	23,519
Realized gain on investments	-	51,448	-	51,448	-	-	-	51,448	-
Unrealized gain (loss) on investments	-	(57,086)	-	(57,086)	-	6,783	6,783	(50,303)	17,978
Miscellaneous	75,446	51	-	75,497	-	-	-	75,497	26,588
Net assets released from restrictions	116,753	5,200	-	121,953	(116,753)	(5,200)	(121,953)	-	-
<i>Total revenue</i>	<u>10,356,578</u>	<u>14,613</u>	<u>(8,450)</u>	<u>10,362,741</u>	<u>(91,394)</u>	<u>23,548</u>	<u>(67,846)</u>	<u>10,294,895</u>	<u>9,127,464</u>
EXPENSES									
Program	9,325,846	14,450	(8,450)	9,331,846	-	-	-	9,331,846	8,154,243
Fundraising	300,902	-	-	300,902	-	-	-	300,902	224,565
General and administrative	600,012	3,595	-	603,607	-	-	-	603,607	534,854
<i>Total expenses</i>	<u>10,226,760</u>	<u>18,045</u>	<u>(8,450)</u>	<u>10,236,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,236,355</u>	<u>8,913,662</u>
CHANGE IN NET ASSETS	129,818	(3,432)	-	126,386	(91,394)	23,548	(67,846)	58,540	213,802
NET ASSETS, BEGINNING OF YEAR	<u>700,293</u>	<u>60,658</u>	<u>-</u>	<u>760,951</u>	<u>213,726</u>	<u>308,296</u>	<u>522,022</u>	<u>1,282,973</u>	<u>1,069,171</u>
NET ASSETS, END OF YEAR	<u>\$ 830,111</u>	<u>\$ 57,226</u>	<u>\$ -</u>	<u>\$ 887,337</u>	<u>\$ 122,332</u>	<u>\$ 331,844</u>	<u>\$ 454,176</u>	<u>\$ 1,341,513</u>	<u>\$ 1,282,973</u>

See accompanying independent auditors' report on supplementary information.

MUSIC FOR ALL, INC. AND AFFILIATE
 COMBINING SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED FEBRUARY 28, 2019
 WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 28, 2018

Exhibit III

	MUSIC FOR ALL				MUSIC FOR ALL FOUNDATION	ELIMINATIONS	2019 TOTAL	2018 TOTAL
	PROGRAM	FUNDRAISING	GENERAL & ADMINISTRATIVE EXPENSES	TOTAL				
PROGRAMS								
Awards and trophies	\$ 121,258	\$ 2,961	\$ -	\$ 124,219	\$ -	\$ -	\$ 124,219	\$ 120,297
Scholarships and grants	-	-	-	-	14,450	(8,450)	6,000	7,000
Clinicians' and judges' fees	1,181,201	-	-	1,181,201	-	-	1,181,201	1,033,752
Copyright fees	17,577	-	-	17,577	-	-	17,577	18,152
Cost of merchandise sold	244,486	-	-	244,486	-	-	244,486	241,594
Equipment rental	214,573	118	-	214,691	-	-	214,691	189,487
Program promotion	166,302	16,588	50,568	233,458	-	-	233,458	201,684
Facility rental	831,183	-	-	831,183	-	-	831,183	789,294
Participants' housing and meals	2,126,818	-	-	2,126,818	-	-	2,126,818	1,674,474
Outside services	1,369,438	3,513	18,451	1,391,402	2,640	-	1,394,042	1,405,568
Other program expenses	578,483	24,976	17,294	620,753	-	-	620,753	551,652
<i>Total programs and activities</i>	<u>6,851,319</u>	<u>48,156</u>	<u>86,313</u>	<u>6,985,788</u>	<u>17,090</u>	<u>(8,450)</u>	<u>6,994,428</u>	<u>6,232,954</u>
PERSONNEL RELATED								
Salaries and contract employees	1,500,900	200,728	290,337	1,991,965	-	-	1,991,965	1,567,614
Salaries - payroll taxes	106,972	6,674	26,743	140,389	-	-	140,389	119,624
403(b) contribution	28,070	1,580	7,017	36,667	-	-	36,667	36,118
Staff travel, housing and meals	25,922	10,217	6,480	42,619	-	-	42,619	12,641
Group insurance	133,644	8,300	33,411	175,355	-	-	175,355	137,257
Other personnel related expenses	40,334	3,234	10,084	53,652	-	-	53,652	25,228
<i>Total personnel related</i>	<u>1,835,842</u>	<u>230,733</u>	<u>374,072</u>	<u>2,440,647</u>	<u>-</u>	<u>-</u>	<u>2,440,647</u>	<u>1,898,482</u>
BUILDING AND FACILITY								
Depreciation and amortization	21,613	810	4,593	27,016	-	-	27,016	28,923
Rental - office building	191,855	7,195	40,769	239,819	-	-	239,819	239,824
Repairs and maintenance	17,993	642	3,640	22,275	-	-	22,275	20,263
Telephone and utilities	46,802	1,748	9,903	58,453	-	-	58,453	59,363
<i>Total building and facility</i>	<u>278,263</u>	<u>10,395</u>	<u>58,905</u>	<u>347,563</u>	<u>-</u>	<u>-</u>	<u>347,563</u>	<u>348,373</u>
OFFICE AND ADMINISTRATIVE								
Board of directors' expense	14,662	550	3,116	18,328	-	-	18,328	16,109
Computer services and supplies	132,463	8,193	27,556	168,212	-	-	168,212	125,625
Business insurance	72,128	2,705	15,327	90,160	-	-	90,160	105,342
Interest	2,451	-	613	3,064	-	-	3,064	725
Franchise, sales, and income taxes	52	-	-	52	-	-	52	13,693
Other office and administrative	138,666	170	34,110	172,946	955	-	173,901	172,359
<i>Total office and administrative</i>	<u>360,422</u>	<u>11,618</u>	<u>80,722</u>	<u>452,762</u>	<u>955</u>	<u>-</u>	<u>453,717</u>	<u>433,853</u>
	<u>\$ 9,325,846</u>	<u>\$ 300,902</u>	<u>\$ 600,012</u>	<u>\$ 10,226,760</u>	<u>\$ 18,045</u>	<u>\$ (8,450)</u>	<u>\$ 10,236,355</u>	<u>\$ 8,913,662</u>

See accompanying independent auditors' report on supplementary information.

MUSIC FOR ALL, INC. AND AFFILIATE

COMBINING STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED FEBRUARY 28, 2019 AND 2018

Exhibit IV

	2019				2018			
	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL
REVENUE								
Program fees	\$ 1,380,717	\$ -	\$ -	\$ 1,380,717	\$ 1,120,062	\$ -	\$ -	\$ 1,120,062
Housing and meal fees	2,083,610	-	-	2,083,610	1,669,665	-	-	1,669,665
Ticket fees	3,323,234	-	-	3,323,234	3,024,559	-	-	3,024,559
Band fees	738,904	-	-	738,904	648,825	-	-	648,825
Merchandise sales	15	-	-	15	1,354	-	-	1,354
Program book sales	181,395	-	-	181,395	164,817	-	-	164,817
Photography commissions	1,770	-	-	1,770	1,400	-	-	1,400
Merchandise commissions	912,472	-	-	912,472	719,892	-	-	719,892
Sponsorships	894,126	2,400	-	896,526	1,036,769	-	-	1,036,769
Contributions	154,901	26,616	-	181,517	163,407	22,583	-	185,990
In-kind contributions	258,709	-	-	258,709	235,050	-	-	235,050
Grants	229,578	-	(8,450)	221,128	259,446	-	(8,450)	250,996
Interest and dividends	30,307	7,949	-	38,256	7,857	15,662	-	23,519
Realized gain on investments	-	51,448	-	51,448	-	-	-	-
Unrealized gain (loss) on investments	-	(50,303)	-	(50,303)	-	17,978	-	17,978
Miscellaneous	75,446	51	-	75,497	26,588	-	-	26,588
<i>Total revenue</i>	<u>10,265,184</u>	<u>38,161</u>	<u>(8,450)</u>	<u>10,294,895</u>	<u>9,079,691</u>	<u>56,223</u>	<u>(8,450)</u>	<u>9,127,464</u>
EXPENSES								
Program	9,325,846	14,450	(8,450)	9,331,846	8,147,243	15,450	(8,450)	8,154,243
Fundraising	300,902	-	-	300,902	224,565	-	-	224,565
General and administrative	600,012	3,595	-	603,607	529,590	5,264	-	534,854
<i>Total expenses</i>	<u>10,226,760</u>	<u>18,045</u>	<u>(8,450)</u>	<u>10,236,355</u>	<u>8,901,398</u>	<u>20,714</u>	<u>(8,450)</u>	<u>8,913,662</u>
CHANGE IN NET ASSETS	38,424	20,116	-	58,540	178,293	35,509	-	213,802
NET ASSETS, BEGINNING OF YEAR	<u>914,019</u>	<u>368,954</u>	<u>-</u>	<u>1,282,973</u>	<u>735,726</u>	<u>333,445</u>	<u>-</u>	<u>1,069,171</u>
NET ASSETS, END OF YEAR	<u>\$ 952,443</u>	<u>\$ 389,070</u>	<u>\$ -</u>	<u>\$ 1,341,513</u>	<u>\$ 914,019</u>	<u>\$ 368,954</u>	<u>\$ -</u>	<u>\$ 1,282,973</u>

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