

**SAVE THE MUSIC FOUNDATION  
(D/B/A MTV SAVE THE MUSIC FOUNDATION  
AND VH1 SAVE THE MUSIC FOUNDATION)**



**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended December 31, 2023 and 2022**

**SAVE THE MUSIC FOUNDATION  
(D/B/A MTV SAVE THE MUSIC FOUNDATION  
AND VH1 SAVE THE MUSIC FOUNDATION)**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Save The Music Foundation  
(d/b/a MTV Save The Music Foundation  
and VH1 Save The Music Foundation)  
New York, NY

### **Opinion**

We have audited the financial statements of Save The Music Foundation (d/b/a MTV Save the Music Foundation and VH1 Save the 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 accompanying financial statements 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 for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmpa.com](http://mhmpa.com)





In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

*Mayer Roffman McCann CPAs*

New York, NY  
May 29, 2024

**SAVE THE MUSIC FOUNDATION  
(D/B/A MTV SAVE THE MUSIC FOUNDATION  
AND VH1 SAVE THE MUSIC FOUNDATION)  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B, 3 and 9A)	\$ 4,511,784	\$ 5,277,966
Contributions and grants receivable, net (Notes 2H, 2I, 3 and 4)	1,538,108	928,450
Accounts receivable and other assets (Notes 2J and 3)	142,369	128,508
Inventories, net (Note 2F)	178,305	34,115
<b>TOTAL ASSETS</b>	<b>\$ 6,370,566</b>	<b>\$ 6,369,039</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,056,283	\$ 1,225,905
Due to MTV Networks (Note 7)	290,526	139,836
<b>TOTAL LIABILITIES</b>	<b>1,346,809</b>	<b>1,365,741</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 8)</b>		
<b>NET ASSETS (Note 2C)</b>		
Without donor restrictions	4,269,713	4,218,298
With donor restrictions (Notes 3 and 5)	754,044	785,000
<b>TOTAL NET ASSETS</b>	<b>5,023,757</b>	<b>5,003,298</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,370,566</b>	<b>\$ 6,369,039</b>

**SAVE THE MUSIC FOUNDATION  
(D/B/A MTV SAVE THE MUSIC FOUNDATION  
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STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Public Support:						
Special events revenue	\$ 622,199	\$ -	\$ 622,199	\$ 551,607	\$ -	\$ 551,607
Less: cost of direct benefit to donor (Note 2L)	<u>(169,006)</u>	<u>-</u>	<u>(169,006)</u>	<u>(73,606)</u>	<u>-</u>	<u>(73,606)</u>
Special events, net	453,193	-	453,193	478,001	-	478,001
Contributions of cash and other financial assets:						
Contributions and grants (Notes 2H, 8A and 9B)	4,811,827	547,044	5,358,871	4,377,903	785,000	5,162,903
Contributions of nonfinancial assets:						
Donated goods and services from fundraising (Note 2M)	59,830	-	59,830	46,581	-	46,581
Donated musical instruments (Note 2M)	343,961	-	343,961	145,091	-	145,091
Donated goods and services (Notes 2M, 7 and 9C)	<u>3,419,309</u>	<u>-</u>	<u>3,419,309</u>	<u>3,010,927</u>	<u>-</u>	<u>3,010,927</u>
Total Public Support	<u>9,088,120</u>	<u>547,044</u>	<u>9,635,164</u>	<u>8,058,503</u>	<u>785,000</u>	<u>8,843,503</u>
Revenue:						
Royalties (Note 2N)	1,436	-	1,436	4,099	-	4,099
Net assets released from restrictions (Note 5)	<u>578,000</u>	<u>(578,000)</u>	<u>-</u>	<u>963,636</u>	<u>(963,636)</u>	<u>-</u>
Total Revenue	<u>579,436</u>	<u>(578,000)</u>	<u>1,436</u>	<u>967,735</u>	<u>(963,636)</u>	<u>4,099</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>9,667,556</u>	<u>(30,956)</u>	<u>9,636,600</u>	<u>9,026,238</u>	<u>(178,636)</u>	<u>8,847,602</u>
<b>EXPENSES (Note 2G):</b>						
Program services:						
Musical education restoration (Note 2O)	<u>7,528,599</u>	<u>-</u>	<u>7,528,599</u>	<u>6,786,831</u>	<u>-</u>	<u>6,786,831</u>
Supporting services:						
Management and general	488,195	-	488,195	327,227	-	327,227
Fundraising	<u>1,599,347</u>	<u>-</u>	<u>1,599,347</u>	<u>1,498,920</u>	<u>-</u>	<u>1,498,920</u>
Total supporting services	<u>2,087,542</u>	<u>-</u>	<u>2,087,542</u>	<u>1,826,147</u>	<u>-</u>	<u>1,826,147</u>
<b>TOTAL EXPENSES</b>	<u>9,616,141</u>	<u>-</u>	<u>9,616,141</u>	<u>8,612,978</u>	<u>-</u>	<u>8,612,978</u>
<b>CHANGE IN NET ASSETS</b>	51,415	(30,956)	20,459	413,260	(178,636)	234,624
Net assets - beginning of year	<u>4,218,298</u>	<u>785,000</u>	<u>5,003,298</u>	<u>3,805,038</u>	<u>963,636</u>	<u>4,768,674</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,269,713</u>	<u>\$ 754,044</u>	<u>\$ 5,023,757</u>	<u>\$ 4,218,298</u>	<u>\$ 785,000</u>	<u>\$ 5,003,298</u>

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

**SAVE THE MUSIC FOUNDATION  
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STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Year Ended December 31, 2023					Year Ended December 31, 2022				
	Program Services	Supporting Services			Total 2023	Program Services	Supporting Services			Total 2022
		Management and General	Fundraising	Total Supporting Services			Management and General	Fundraising	Total Supporting Services	
Salaries and Related Costs:										
Salaries	\$ 703,406	\$ 27,780	\$ 762,066	\$ 789,846	\$ 1,493,252	\$ 612,227	\$ 10,300	\$ 642,751	\$ 653,051	\$ 1,265,278
Benefits and related payroll expenses	183,068	7,283	200,319	207,602	390,670	151,181	2,077	153,107	155,184	306,365
<b>Total Salaries and Related Costs</b> (Notes 6 and 7)	886,474	35,063	962,385	997,448	1,883,922	763,408	12,377	795,858	808,235	1,571,643
Musical instrument grants (Notes 2M and 2O)	5,438,648	-	-	-	5,438,648	4,837,821	-	-	-	4,837,821
Donated professional services and office expenses (Notes 2M and 7)	305,787	220,297	312,313	532,610	838,397	281,430	153,760	165,519	319,279	600,709
Professional services	6,345	195,977	42,187	238,164	244,509	241,539	148,974	346,527	495,501	737,040
Travel and meetings	3,087	1,627	419	2,046	5,133	-	8,524	567	9,091	9,091
Office expenses	17,236	35,231	9,389	44,620	61,856	30,561	1,592	21,013	22,605	53,166
Special events production costs and related expenses	-	-	307,187	307,187	307,187	-	-	144,232	144,232	144,232
Website expense	31,008	-	53,059	53,059	84,067	31,479	-	37,600	37,600	69,079
Marketing and promotion	147,587	-	70,075	70,075	217,662	152,285	-	39,600	39,600	191,885
Professional development	630,202	-	-	-	630,202	447,035	-	-	-	447,035
Inventory management and delivery expenses	7,193	-	-	-	7,193	1,273	-	-	-	1,273
Student scholarships	55,032	-	-	-	55,032	-	-	-	-	-
Bad debt expense (Note 2I)	-	-	-	-	-	-	2,000	-	2,000	2,000
Miscellaneous	-	-	11,339	11,339	11,339	-	-	21,610	21,610	21,610
Subtotal	7,528,599	488,195	1,768,353	2,256,548	9,785,147	6,786,831	327,227	1,572,526	1,899,753	8,686,584
Less: cost of direct benefit to donors (Note 2L)	-	-	(169,006)	(169,006)	(169,006)	-	-	(73,606)	(73,606)	(73,606)
<b>TOTAL EXPENSES</b>	<b>\$ 7,528,599</b>	<b>\$ 488,195</b>	<b>\$ 1,599,347</b>	<b>\$ 2,087,542</b>	<b>\$ 9,616,141</b>	<b>\$ 6,786,831</b>	<b>\$ 327,227</b>	<b>\$ 1,498,920</b>	<b>\$ 1,826,147</b>	<b>\$ 8,612,978</b>

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

**SAVE THE MUSIC FOUNDATION  
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STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 20,459	\$ 234,624
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net change in the allowance for doubtful contributions and grants receivable	(304)	-
Bad debt	-	2,000
Net change in the allowance for obsolescence of inventory	-	(500)
Subtotal	20,155	236,124
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Contributions and grants receivable	(609,354)	(207,280)
Accounts receivable and other assets	(13,861)	(70,368)
Inventories	(144,190)	(16,304)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	(169,622)	888,234
Deferred revenue	-	(50,317)
Due to MTV Networks	150,690	139,836
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(766,182)</b>	<b>919,925</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(766,182)</b>	<b>919,925</b>
Cash and cash equivalents - beginning of year	5,277,966	4,358,041
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,511,784</b>	<b>\$ 5,277,966</b>



**SAVE THE MUSIC FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Save the Music Foundation (d/b/a MTV Save The Music Foundation and VH1 Save The Music Foundation) (the “Foundation”) is a nonprofit organization dedicated to improving the quality of education in US and UK public schools by restoring and supporting instrumental music education programs, and by raising public awareness about the importance of music participation and the positive impact it has on young people. The Foundation’s mission is to help kids, schools and communities realize their potential through the power of music. The Foundation is exempt from federal income taxes under Internal Revenue Code (“IRC”) Section 501(c)(3) and recognized as a public charity under Section 509(a)(1) of the IRC. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. The Foundation’s financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.
- C. The Foundation maintains its net assets under the following two classes:
- Without donor restrictions – represents resources available for support of the Foundation’s operations over which the Board of Directors (the “Board”) has discretionary control.
  - With donor restrictions – resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either can be fulfilled and removed by actions of the Foundation pursuant to those stipulations or that expire by the passage of time. When such stipulations are fulfilled or time restrictions expire, such net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions that have been both earned and have had their restrictions met in the current year are recorded as net assets without donor restrictions. See Note 5 for more information on the composition of net assets with donor restrictions and the release of restrictions.
- D. Equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Contributed fixed assets are stated at fair value at the date of gift. The Foundation has established a \$1,000 threshold above which assets are capitalized. Purchases below \$1,000 are expensed at the time of acquisition. Equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. As of December 31, 2023 and 2022, the Foundation’s equipment, which is still in use, has been fully depreciated.
- E. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- F. The Foundation has inventories of certain donated musical instruments which will be granted to educational institutions in accordance with the Foundation’s mission. The Foundation also has inventories of donated items for sale such as concert tickets, memorabilia and collectibles. Inventories are recorded at the fair value at the date of donation. As of both December 31, 2023 and 2022, the Foundation had an inventory obsolescence provision of \$1,000.

**SAVE THE MUSIC FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Some expenses are allocated based on direct identification. Other expenses require allocation among the programs and supporting services benefits on a reasonable basis that is consistently applied. Salaries and wages, benefits, payroll taxes, office expenses, website and other expenses are allocated on the basis of estimates of time and effort.

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

The Foundation’s grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Contributions and grants support amounted to \$5,358,871 and \$5,162,903 for the years ended December 31, 2023 and 2022, respectively, and are included in the statements of activities.

I. The Foundation’s management evaluates the need for an allowance for doubtful accounts applicable to its contributions and grants receivable based on various factors including an assessment of the creditworthiness of its donors, aging of the amounts due and historical experience. As of December 31, 2023 and 2022, the Foundation determined that an allowance for uncollectable contributions and grants was necessary in the amount of \$5,000 and \$5,304, respectively. For the year ended December 31 2022, the Foundation wrote off \$2,000 of prior year’s contributions and grants receivable which were deemed uncollectible. There were no such write offs for the year ended December 31, 2023.

J. The Foundation’s management evaluates the need for an allowance for doubtful accounts applicable to its accounts receivable based on various factors including an assessment of the creditworthiness of its vendors, aging of the amounts due and historical experience. As of December 31, 2023 and 2022, no allowance was considered necessary for accounts receivable.

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

**SAVE THE MUSIC FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- L. The direct costs of special events include costs incurred in connection with special events related to items benefiting attendees of such events, such as meals and entertainment.
- M. The Foundation reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills and represents services that would have been purchased had they not been donated.

For the years ended December 31, 2023 and 2022, the Foundation recorded the fair value of noncash contributions amounting to \$3,823,100 and \$3,202,599, respectively. Such amounts are included as donated goods and services from fundraising, donated musical instruments and donated goods and services in the accompanying statements of activities.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Donated goods and services - fundraising	\$ 59,830	Fundraising	No associated donor restriction	Based on selling price net of auction fees
Donated musical instruments	343,961	Musical education restoration	No associated donor restriction	Based on estimated fair market value of those items or similar items
Donated goods and services	3,419,309	Musical education restoration and supporting services	No associated donor restriction	Based on estimated fair market value for similar goods and services
Total	<u>\$ 3,823,100</u>			

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2022:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Donated goods and services-fundraising	\$ 46,581	Fundraising	No associated donor restriction	Based on selling price net of auction fees
Donated musical instruments	145,091	Musical education restoration	No associated donor restriction	Based on estimated fair market value of those items or similar items
Donated goods and services	3,010,927	Musical education restoration and supporting services	No associated donor restriction	Based on estimated fair market value for similar goods and services
Total	<u>\$ 3,202,599</u>			

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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- N. The Foundation receives nonrefundable royalty payments for its licensing agreements pertaining to music CDs. Royalty income is recorded when initial nonrefundable royalty payments are received and when subsequent royalties are earned.
- O. The Foundation distributes musical instruments to various public schools and other nonprofit organizations around the United States for their music programs. Grant expense is recorded at the date of the unconditional promise to give and is recorded at an amount equal to the fair value of musical instruments originally donated to the Foundation.
- P. Certain line items in the December 31, 2022 financial statements have been reclassified to conform to the December 31, 2023 presentation.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,511,784	\$ 5,277,966
Contributions and grants receivable, net	1,538,108	928,450
Accounts receivable and other assets	<u>142,369</u>	<u>128,508</u>
Total financial assets	6,192,261	6,334,924
Less: Other assets	(91,601)	(34,228)
Net assets with donor restrictions	<u>(754,044)</u>	<u>(785,000)</u>
	<u>\$ 5,346,616</u>	<u>\$ 5,515,696</u>

**NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE, NET**

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

	<u>2023</u>	<u>2022</u>
Amounts due in less than one year	\$ 1,533,108	\$ 773,754
Amounts due in one to five years	10,000	160,000
Total	1,543,108	933,754
Less: Reserve for uncollectible pledges	(5,000)	(5,304)
Total contributions and grants receivable, net	<u>\$ 1,538,108</u>	<u>\$ 928,450</u>

**SAVE THE MUSIC FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
New Orleans, LA schools	\$ 153,000	\$ 303,000
West Virginia schools	240,000	180,000
Orange County, CA schools	159,000	132,000
New York schools	30,000	60,000
Music Technology Grant in San Francisco, CA	-	55,000
Pajaro Valley, CA schools	-	25,000
Miami, FL schools	25,000	20,000
Diversity the Stage Apprenticeship Program	10,000	10,000
Akron, OH	1,000	-
AMP Diversity & Inclusion Scholarship	13,544	-
Los Angeles, CA schools	100,000	-
San Diego, CA school and Keys + Kids Grant	22,500	-
	<u>\$ 754,044</u>	<u>\$ 785,000</u>

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

	<u>2023</u>	<u>2022</u>
TIL and SEL workshops	\$ -	\$ 181,136
West Virginia schools	180,000	160,000
New Jersey schools	-	155,000
Miami, FL schools	20,000	130,000
New York, NY schools	60,000	60,000
San Francisco, CA schools	55,000	55,000
Detroit, MI and J Dilla Music Technology Grant for 22-23 school year	-	55,000
Philadelphia, PA schools and Music Technology Grant	-	52,500
New Orleans, LA schools	238,000	50,000
New Jersey – Trauma Informed Learning Series	-	40,000
Pajaro Valley, CA schools	25,000	25,000
	<u>\$ 578,000</u>	<u>\$ 963,636</u>

**NOTE 6 – TAX-DEFERRED ANNUITY PLAN**

- A. The Foundation has a tax-deferred annuity plan (the “Plan”) qualified under Section 403(b) of the IRC that covers full-time employees of the Foundation. The Foundation matches 75% of the first 6% that an employee contributes to the Plan (maximum of 4.5% of gross salary per employee). Employees may make contributions to the Plan up to the maximum amount allowed by the IRC. Pension expense for the years ended December 31, 2023 and 2022 was \$54,455 and \$46,582, respectively.
- B. The Foundation is also a co-employer of its staff with a professional employer organization that provides payroll, benefits, human resources, tax administration and regulatory compliance assistance. The contractual obligation enables the Foundation to offer a competitive employee benefit package to their employees.

**SAVE THE MUSIC FOUNDATION  
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**NOTE 7 – RELATED PARTIES**

The Foundation is supported in part through a services agreement with MTV Entertainment Group, a division of Paramount Global, which is renewable every two years and next expires on December 31, 2025 (the “MTV Service Agreement”). MTV Entertainment Group provides the Foundation with office space, travel expenses, financial services, IT support and other overhead. The MTV Service Agreement also grants the Foundation a non-exclusive and non-transferable right to use certain trademarks and logos in connection with the Foundation’s charitable and educational activities.

Prior to 2024, MTV Entertainment Group also donated the services of certain MTV Entertainment Group employees to the Foundation, including the Foundation’s Executive Director. In January 2024, Paramount Global proposed and the Save The Music board accepted an amendment to the MTV Services Agreement whereby, among other changes, Paramount will no longer be responsible for providing the services of the Foundation’s Executive Director. As a result, going forward, Save The Music expects Paramount’s contributions to its operations to be significantly reduced.

Donated services contributed by MTV Entertainment Group including the Executive Director, special events production, music talent booking, public relations, travel, entertainment and use of office space amounted to \$768,397 and \$525,710 for the years ended December 31, 2023 and 2022, respectively. See Note 2M.

At the end of each fiscal quarter, the Foundation reimburses MTV Entertainment Group for incurred expenses that are not defined as donated expenses by the agreement between the two parties. The Foundation incurred expenses in this category which amounted to \$661,259 and \$443,331 for the years ended December 31, 2023 and 2022, respectively, primarily for special events expenses and purchases made with the corporate purchasing credit card for the Foundation’s music technology grants to schools. As of December 31, 2023 and 2022, the Foundation had a liability to MTV Networks amounting to \$290,526 and \$139,836, respectively.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

- A. Under the provisions of the Coronavirus Aids, Relief, and Economic Security Act (“CARES” Act) signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Foundation believed that it was eligible for a refundable employee retention credit. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. During the fiscal year ended December 31, 2022, the Foundation recorded revenue of \$45,561 related to the CARES Employee Retention Credit (“ERC”), which is included on the statement of activities. The Foundation received the ERC payment on March 6, 2023. The ERC program is subject to audit by the Federal Government for eligibility and related costs.
- B. The Foundation believes it has no uncertain tax positions as of December 31, 2023 and 2022 in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 9 – CONCENTRATIONS**

- A. Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits (\$250,000) by approximately \$3,966,000 and \$5,066,000 as of December 31, 2023 and 2022, respectively. Such excess includes outstanding checks.
- B. For the years ended December 31, 2023 and 2022, the Foundation derived approximately 20% and 23%, respectively, of its contributions and grants from one donor.
- C. For the years ended December 31, 2023 and 2022, the Foundation derived approximately 22% and 17%, respectively, of donated goods and services from MTV Entertainment Group.

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**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through May 29, 2024, the date the financial statements were available to be issued. There were no subsequent events other than what was disclosed in Note 7.