

MUSICAL BRIDGES AROUND THE WORLD, INC.
AUDITED FINANCIAL STATEMENTS
SAN ANTONIO, TEXAS
AUGUST 31, 2024 AND 2023

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ERIN LECCE, CPA
14002 SAGE BLUFF
SAN ANTONIO 78216

210-884-2043

Independent Auditor's Report

Board of Directors
Musical Bridges Around the World, Inc.
San Antonio, Texas

Opinion

I have audited the accompanying financial statements of Musical Bridges Around the World, Inc. (a non-profit organization), which comprise the statements of financial position as of August 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Musical Bridges Around the World, Inc. as of August 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 for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Musical Bridges Around the World, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Musical Bridges Around the World, Inc.'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

My 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 my 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, including omissions, 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, I:

- 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 Musical Bridges Around the World, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Musical Bridges Around the World, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



San Antonio, Texas
June 19, 2025

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

ASSETS

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 182,428	\$ 401,843
Cash and Cash Equivalents - Colburn Scholarship	-	115,722
Total Cash and Cash Equivalents	<u>182,428</u>	<u>517,565</u>
Current Portion of Grants Receivable	89,937	125,000
Deposits - Office Lease	2,550	2,550
Prepaid Expenses	44,302	51,921
Total Current Assets	<u>319,217</u>	<u>697,036</u>
Other Assets:		
Investments	1,149,346	975,407
Investments - Colburn Scholarships	123,715	-
Grants Receivable, Less Current Portion	-	50,000
Right-of-Use Asset - Operating Lease	129,064	-
Total Other Assets	<u>1,402,125</u>	<u>1,025,407</u>
Fixed Assets:		
Property and Equipment	105,350	105,350
Less: Accumulated Depreciation	<u>(74,738)</u>	<u>(62,362)</u>
Net Property and Equipment	<u>30,612</u>	<u>42,988</u>
 TOTAL ASSETS	 <u>\$ 1,751,954</u>	 <u>\$ 1,765,431</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:		
Accounts Payable	\$ 34,597	\$ 14,813
Current Portion of Operating Lease Liabilities	33,242	-
Total Current Liabilities	<u>\$ 67,839</u>	<u>\$ 14,813</u>
Other Liabilities:		
Long-Term Operating Lease Liabilities	95,822	-
Total Other Liabilities	<u>95,822</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>163,661</u>	 <u>14,813</u>

NET ASSETS

Without Donor Restrictions:		
Board Designated - Future Reserves	1,145,137	975,407
Undesignated	278,934	299,444
Total Without Donor Restrictions	<u>1,424,071</u>	<u>1,274,851</u>
With Donor Restrictions	<u>164,222</u>	<u>475,767</u>
Total Net Assets	<u>1,588,293</u>	<u>1,750,618</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,751,954</u>	 <u>\$ 1,765,431</u>

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	\$ 518,507	\$ -	\$ 518,507
Grants	704,670	-	704,670
Memberships and Subscriptions	205,002	-	205,002
Investment Income (Loss), net expenses	171,501	-	171,501
In-Kind Contributions	132,323	-	132,323
Art Gallery Sales	5,762	-	5,762
Miscellaneous Income	4,382	-	4,382
Net Assets Released from Restrictions	311,545	(311,545)	-
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TOTAL REVENUE AND SUPPORT	2,053,692	(311,545)	1,742,147
EXPENSES			
Program	1,533,869	-	1,533,869
Administrative	167,149	-	167,149
Fundraising	203,454	-	203,454
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TOTAL EXPENSES	1,904,472	-	1,904,472
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CHANGE IN NET ASSETS	149,220	(311,545)	(162,325)
NET ASSETS AT BEGINNING OF THE YEAR	1,274,851	475,767	1,750,618
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NET ASSETS AT END OF YEAR	\$ 1,424,071	\$ 164,222	\$ 1,588,293
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The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	\$ 255,240	\$ 128,646	\$ 383,886
Grants	870,534	200,000	1,070,534
Memberships and Subscriptions	97,579	-	97,579
Investment Income (Loss), net expenses	88,669	-	88,669
Employee Retention Credit Income	89,081	-	89,081
In-Kind Contributions	63,982	-	63,982
Art Gallery Sales	9,175	-	9,175
Miscellaneous Income	7,586	-	7,586
Net Assets Released from Restrictions	41,771	(41,771)	-
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TOTAL REVENUE AND SUPPORT	1,523,617	286,875	1,810,492
EXPENSES			
Program	1,035,470	-	1,035,470
Administrative	143,297	-	143,297
Fundraising	158,379	-	158,379
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TOTAL EXPENSES	1,337,146	-	1,337,146
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	186,471	286,875	473,346
NET ASSETS AT BEGINNING OF THE YEAR	1,088,380	188,892	1,277,272
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NET ASSETS AT END OF YEAR	\$ 1,274,851	\$ 475,767	\$ 1,750,618
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The accompanying notes are an integral part of these financial statements.

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (162,325)	\$ 473,346
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	12,375	12,094
Investment (Income) Loss	(171,501)	(88,669)
(Increase) Decrease in Grants Receivable	85,063	(141,491)
(Increase) Decrease in Right-of- Use Asset - Operating Lease	(129,064)	-
(Increase) Decrease in Prepaid Expenses	7,619	(4,585)
Increase (Decrease) in Accounts Payable	19,784	9,347
Increase (Decrease) in Operating Lease Payable	129,064	-
Net Cash Provided (Used) By Operating Activities	<u>(208,985)</u>	<u>260,042</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(129,099)	(3,154)
Sale of Investments	2,947	-
Purchase of Property and Equipment	-	-
Net Cash Provided (Used) By Investing Activities	<u>(126,152)</u>	<u>(3,154)</u>
Net Increase (Decrease) in Cash	(335,137)	256,888
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>517,565</u>	<u>260,677</u>
THE END OF THE YEAR	<u><u>\$ 182,428</u></u>	<u><u>\$ 517,565</u></u>
Allocation of Cash and Cash Equivalents:		
Unrestricted	\$ 182,428	\$ 401,843
Colburn Scholarship	-	115,722
Total Cash and Cash Equivalents	<u><u>\$ 182,428</u></u>	<u><u>\$ 517,565</u></u>

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024

	Program	Administrative	Fundraising	Total
Advertising	\$ 7,968	\$ -	\$ -	\$ 7,968
Artistic Fee	140,873	-	-	140,873
Bank Charges and Other Fees	6,166	2,639	-	8,805
Catering and Meals for Artists and Events	4,842	-	-	4,842
Conferences and Workshops	2,688	-	-	2,688
Depreciation	8,045	4,330	-	12,375
Donor Cultivation	-	-	8,789	8,789
Dues and Subscriptions	8,920	1,981	8,920	19,821
Employee Benefits	35,870	15,372	-	51,242
Gurwitz Piano Competition	484,475	11,400	72,093	567,968
In-Kind Contributions	132,323	-	-	132,323
Insurance	16,617	-	-	16,617
Medals and Awards	280	-	-	280
Meetings	3,107	-	9,320	12,427
Membership Benefits	58,029	-	-	58,029
Music Licensing	2,996	-	-	2,996
Occupancy	11,600	23,200	-	34,800
Office Supplies	13,389	3,393	-	16,782
Payroll Taxes	28,085	6,000	6,000	40,085
Piano Expense	5,016	-	-	5,016
Postage and Delivery	7,050	-	1,245	8,295
Printing and Reproduction	13,938	-	-	13,938
Professional Consultants:				-
Accounting Fees	-	14,767	-	14,767
Attorney Fees	14,823	-	-	14,823
Curriculum Development	18,436	-	-	18,436
Education Director	11,000	-	-	11,000
Gallery Coordinator	2,040	-	-	2,040
Grant Writer	-	-	18,400	18,400
Graphic Designer	12,351	-	-	12,351
Human Relations Consultant	-	20,000	-	20,000
Lead Teacher	11,142	-	-	11,142
Marketing Assistant	600	-	-	600
Publicist	3,105	-	-	3,105
Sound Engineer	3,250	-	-	3,250
Video and Media Production	14,233	-	-	14,233
Volunteer Coordinator	6,000	-	-	6,000
Web-site Designer	15,295	2,185	-	17,480
Repairs and Maintenance	-	2,958	-	2,958
Salaries and Wages	390,713	52,095	78,142	520,950
Sales Taxes	-	257	-	257
Scholarships	1,500	-	-	1,500
Security	3,940	2,551	-	6,491
Telephone, Website, and Internet	3,811	545	545	4,901
Travel and Housing for Guest Artists	18,539	-	-	18,539
Utilities	-	3,476	-	3,476
Venue and Equipment Rental	10,814	-	-	10,814
TOTAL FUNCTIONAL EXPENSES	\$ 1,533,869	\$ 167,149	\$ 203,454	\$ 1,904,472

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program	Administrative	Fundraising	Total
Advertising	\$ 8,735	\$ -	\$ -	\$ 8,735
Artistic Fee	101,550	-	-	101,550
Bank Charges and Other Fees	3,000	1,291	-	4,291
Catering and Meals for Artists and Events	21,733	-	-	21,733
Conferences and Workshops	6,064	-	1,845	7,909
Depreciation	8,000	4,094	-	12,094
Donor Cultivation	-	-	20,399	20,399
Dues and Subscriptions	8,638	1,320	8,774	18,732
Employee Benefits	36,000	12,998	-	48,998
In-Kind Contributions	63,982	-	-	63,982
Insurance	10,476	-	-	10,476
Medals and Awards	13,563	-	-	13,563
Meetings	2,935	-	8,805	11,740
Membership Benefits	46,927	-	15,642	62,569
Merchandise	2,862	-	-	2,862
Music Licensing	2,903	-	-	2,903
Occupancy	15,000	18,300	-	33,300
Office Supplies	3,000	4,130	3,401	10,531
Payroll Taxes	27,533	6,000	6,000	39,533
Piano Expense	7,572	-	-	7,572
Postage and Delivery	5,000	-	972	5,972
Printing and Reproduction	25,314	-	-	25,314
Professional Consultants:				
Accounting Fees	-	25,538	-	25,538
Administrative Assistant	4,000	6,000	4,000	14,000
Attorney Fees	4,218	3,500	-	7,718
Creative Writer	2,500	-	-	2,500
Curriculum Development	22,318	-	-	22,318
Education Director	13,000	-	-	13,000
Educational Research Assistant	4,500	-	-	4,500
Gallery Coordinator	4,088	-	-	4,088
Grant Writer	10,000	-	9,947	19,947
Graphic Designer	15,937	-	-	15,937
Marketing Assistant	1,384	-	-	1,384
Publicist	9,742	-	-	9,742
Sound Engineer	3,650	-	-	3,650
Video and Media Production	32,024	-	-	32,024
Web-site Designer	18,005	1,117	-	19,122
Repairs and Maintenance	-	1,402	-	1,402
Salaries and Wages	385,906	51,455	77,181	514,542
Sales Taxes	-	99	-	99
Scholarships	3,150	-	-	3,150
Security	3,490	2,039	-	5,529
Telephone, Website, and Internet	2,000	1,500	1,413	4,913
Travel and Housing for Guest Artists	44,880	-	-	44,880
Utilities	838	2,514	-	3,352
Venue and Equipment Rental	29,053	-	-	29,053
TOTAL FUNCTIONAL EXPENSES	\$ 1,035,470	\$ 143,297	\$ 158,379	\$ 1,337,146

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1: NATURE OF ACTIVITIES

Musical Bridges Around the World, Inc. (the Organization) is a nonprofit organization with a 27-year history in San Antonio. The Organization's mission is to celebrate their shared humanity by providing access to global arts for all. The Organization leverages the power of the arts to unite communities by creating safe spaces, fostering emotional healing, forging social connections, promoting cultural understanding, and contributing to mental health and well-being. The Organization's programs provide free access to high-quality global performing arts, with a clear focus on cross-cultural collaboration and bringing music and cultural understanding to the community. This includes a seasonal concert series at the San Fernando Cathedral in the heart of downtown San Antonio (*Russell Hill Rogers Musical Evenings at San Fernando Cathedral*), an annual music festival (UNITYFest), a quadrennial international piano competition (*The Gurwitz*), an educational concert & curriculum program (*Musical Sprouts*), a music scholarship for bowed string students (*Colburn-Pledge Music Scholarship*), a music ambassador program (*Youth Ambassadors*), and a program taking concerts to seniors in living communities (*Golden Age*). MBAW additionally has two paid membership concert series (*Impresario Club* and *Music Viva!*) where part of dues go to support the previously listed programs that are free to the community.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization uses United States generally accepted accounting principles in the preparation of its financial statements. Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – These are net assets that are not subject to donor-imposed stipulations and are immediately available to the organization for the performance of its service. Net assets designated for a specific purpose by the Organization's Board of Directors are reported as net assets without donor restrictions, designated.

Net Assets With Donor Restrictions – These are net assets that are limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of August 31, 2024 and 2023, \$164,222 and \$475,767 were included in net assets with donor restrictions. There were no net assets held by the Organization that are permanently restricted as of August 31, 2024, and 2023.

Cash

Cash and cash equivalents consist of cash deposits and various short-term investment vehicles with maturities of 90 days or less.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Grants Receivable

The Organization receives grants for its program services from state, foundation, and corporate grantors but payment is expected at a later time in accordance with the grant agreement. These receivables are considered to be fully collectible, therefore, no allowance for doubtful accounts has been established as of August 31, 2024 and 2023.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Individual items of furniture, fixtures, and equipment are depreciated over periods varying from five to seven years. Leasehold improvements are depreciated over a fifteen-year period. The Organization capitalizes any purchase with an estimated life of over a year and over \$500.

Board Designated Net Assets

The Board of Directors has set aside funds to be available in the future, should unforeseen events limit the Organization's ability to function as intended. The Board's intention is to continue to designate funds for this purpose on an annual basis. The designated funds balance is \$1,145,137 and \$975,407 as of August 31, 2024 and 2023, respectively.

Revenue Recognition

In accordance with accounting standards, The Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred; or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, The Organization applies guidance under Topic 606. If the transfer of assets is determined to be a contribution,

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization evaluates whether the contribution is conditional based upon whether the agreement includes both: (1) one or more barriers that must be overcome before The Organization is entitled to the assets transferred and promised; and (2) a right of return of assets transferred or a right of release of promisor's obligation to transfer assets.

The Organization has the following revenue classifications that are not contract revenues and are recognized as follows:

Reimbursable Grants

Reimbursable grants are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses, costs are incurred on the basis of direct costs plus allowable qualifying expenses. Revenue recognition on reimbursable grants which billings have not been presented to or collected from the awarding agency is included in grants receivable in the accompanying statements of financial position. Any amounts, if applicable, received in advance where conditions were not met as of year-end are included in unearned revenue in the accompanying statements of financial position.

Contributions and Grants

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants and contributions qualifying as contributions that are unconditional and have donor restrictions and recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. The Organization did not have any unrecognized conditional awards as of August 31, 2024 and 2023.

The Organization earns (exchange) revenue from membership fees and special events. Revenue is recognized based on the following steps: (1) identification of contract with customer; (2) determination of performance obligations; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations and (5) recognition of revenue when (or as) The Organization satisfies each performance

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

obligation. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There are no complex, unique or nonrecurring contractually derived revenues.

The Organization applied the standard's practical expedient that permits the omission of several disclosures related to receivables, contract assets, and contract liabilities. There have been no changes in judgements used to determine the timing of the satisfaction of performance obligations or the transaction price and amounts allocated to performance obligations. There are also no incremental costs of obtaining a contract and no significant financing components. The Organization has the following revenue classifications that are contract revenues and are recognized as follows:

Memberships

There are different levels of membership and seasonal benefits and services provided to members depends on their membership level. There is a list of membership levels and related benefits to the members at each level. The member determines what level of membership they wish to purchase. The transaction price is determined by the level of membership the member purchases. The membership fees will be recognized evenly over the 12 months of the subscription season which is the length of the membership. All agreed upon membership benefits were completed by the end of the season. Any amount received in excess of the benefit provided to the members is recorded as a contribution.

Special Event Revenues

Special event revenues from exchange transactions are deferred from recognition until the event has occurred. Revenue is recorded after the event has taken place when the performance obligation has been completed. Any amount received in excess of the benefit provided to the attendees is recorded as a contribution. There were no special event revenues for the fiscal year ending August 31, 2024 and 2023.

Contributed Nonfinancial Assets

Contributed nonfinancial assets that were received by The Organization are valued using estimated fair values at the date of receipt. The Organization's policy is to utilize, rather than monetize, donated services and goods. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. In-kind contributions received are utilized in their program services and for general and administrative purposes. There were no associated donor restrictions for the in-kind contributions received.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Transactions give rise to leases when The Organization receives substantially all the economic benefits from and has the ability to direct the use of specific property, plant, and equipment. The Organization has lessee activity that is classified as operating leases. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the statements of financial position unless the term of the lease is 12 months or less.

Right-of-use assets represent the right to use underlying assets for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

Federal Income Tax Status

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509 (a)(1) of the Code. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits in the accompanying financial statements. The Organization has filed all of its required Forms 990, however the tax years 2020 through 2022 remain open by the taxing jurisdictions to which the Organization is subject, and these periods have not been extended beyond the applicable statute of limitations.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. At times such amounts may exceed the Federal Deposit Insurance Corporation (FDIC) limits. As of August 31, 2023, The Organization exceeded the FDIC limitations by \$281,447. As of August 31, 2024, all funds were within the FDIC limitations.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between the periods presented.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 3: INVESTMENTS

Investments are presented in the statements of financial position at fair value based on quoted market prices at year-end. Investments held by the Organization consist of the following as of August 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 431,832	\$ 274,643
Mutual Funds	<u>841,229</u>	<u>700,764</u>
Total	<u>\$ 1,273,061</u>	<u>\$ 975,407</u>

Investment income (losses) for the year ended August 31, 2024 and 2023 was comprised of:

	<u>2024</u>	<u>2023</u>
Dividends and Interest	\$ 31,019	\$ 21,910
Unrealized and Realized Gains (Losses)	140,482	67,057
Less: Fees	<u>-</u>	<u>(298)</u>
Total	<u>\$ 171,501</u>	<u>\$ 88,669</u>

NOTE 4: GRANTS RECEIVABLE

Grants receivable consist of the following at August 31:

	<u>2024</u>	<u>2023</u>
Due in Less than One Year	\$ 89,937	\$ 125,000
Due in One to Five Years	<u>-</u>	<u>50,000</u>
Grants Receivable	<u>\$ 89,937</u>	<u>\$ 175,000</u>

Discounting for present value is not significant.

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NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and Equipment	\$ 92,019	\$ 92,019
Leasehold Improvements	13,331	13,331
Less: Accumulated Depreciation	<u>(74,738)</u>	<u>(62,362)</u>
Net Property and Equipment	<u>\$ 30,612</u>	<u>\$ 42,988</u>

The Organization recorded depreciation expense in the amount of \$12,375 and \$12,094 for the fiscal years ending August 31, 2024 and 2023.

NOTE 6: LINE OF CREDIT

In March 2018, The Organization opened a line of credit with Broadway National Bank for a maximum amount of \$100,000. There have been no draws taken on the line of credit for the fiscal years ending August 31, 2024 and 2023. The line of credit was closed during the fiscal year ending August 31, 2024.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Gurwitz Piano Competition	\$ -	\$ 185,045
Time Restricted Grants	50,000	175,000.00
Colburn-Pledge Music Scholarship	<u>114,222</u>	<u>115,722</u>
Total	<u>\$ 164,222</u>	<u>\$ 475,767</u>

The total release from donor restrictions for the fiscal year ending August 31, 2024 and 2023 was \$311,545 and \$41,771.

The Colburn-Pledge Music Scholarship Foundation dissolved and the Foundation contributed all of their cash and assets in the amount of \$121,972 to Musical Bridges Around the World, Inc. in August 2021. The restriction of the contribution to The Organization is to continue distributing scholarships to students pursuing the studies of a bowed string instrument in classical music. The amount received from the Foundation was properly recorded as revenues with donor restrictions on the statement of

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NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

activities and donor restricted net assets on the statement of financial position as of August 31, 2021. \$1,500 and \$3,150 was spent on scholarships during the fiscal years ending August 31, 2024 and 2023 and was properly released from restrictions in the current fiscal year.

NOTE 8: CONTRIBUTED NONFINANCIAL ASSETS

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services, that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills. Donated services would typically need to be purchased if not provided by donation, are also recorded based on current market rates for similar services. The value of these professional services and donated items are reported by The Organization in the accompanying statements of activities as revenues and other support. A like amount is charged to a program, administrative, or fundraising expense in accordance with the character of the donation on the schedule of functional expenses.

The Organization received the following contributed nonfinancial assets during the years ended August 31, 2024 and 2023:

	2024	2023
Venue Rentals	\$ 34,775	\$ 2,500
Professional Fees	11,250	
Office Assistant	-	28,080
Housing and Meals for Guest Artists	15,929	12,971
Advertising	8,715	-
Piano and Instrument Rentals	46,075	1,100
Event Expenses	15,559	19,241
Auto	20	90
	<u>20</u>	<u>90</u>
Total In-Kind Contributions	<u>\$ 132,323</u>	<u>\$ 63,982</u>

NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization records financial instruments at estimated fair value. Fair value is defined as the price that would be received to sell an asset or an amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and

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NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities and have the highest priority.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Unobservable inputs that are supported by little or no market activity and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. No level 3 input valuations were used by the Organization.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Mutual Funds: Valued at the net asset value at the closing price reported in the active market in which the mutual funds are traded. The Organization holds bond funds and equities funds.

The following table shows the fair value classification of the Organization's investments that are required to be measured at fair value as of August 31, 2024 and 2023:

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NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Measurements at August 31, 2024				
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and Cash Equivalents	\$ 431,832	\$ 431,832	\$ -	\$ -
Mutual Funds	841,229	841,229	-	-
Total	<u>\$ 1,273,061</u>	<u>\$ 1,273,061</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements at August 31, 2023				
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and Cash Equivalents	\$ 274,643	\$ 274,643	\$ -	\$ -
Mutual Funds	700,764	700,764	-	-
Total	<u>\$ 975,407</u>	<u>\$ 975,407</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 10: OPERATING LEASES

The Organization has two operating leases for office space. The office space leases started in September 2023 and ends in May 2028. Operating leases with lease terms greater than one year are reported as operating lease right-of-use assets, net and operating lease liabilities in the statements of financial position. The table below presents a maturity analysis of lease payments and a reconciliation of the total amount of such liabilities recognized in the statements of financial position as of August 31, 2024:

<u>August 31,</u>	
2025	\$ 34,800
2026	35,100
2027	36,000
2028	<u>27,000</u>
Total Lease Payments	132,900
Less: Present Value Discount	<u>\$ (3,836)</u>
Total Lease Obligations	<u>129,064</u>

Lease costs and other related information for the fiscal year ended August 31, 2024 were as follows:

Weighted-average remaining lease term – 3.75 years

Weighted-average discount rate – 1.37%

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NOTE 10: OPERATING LEASES (CONTINUED)

Operating lease costs were included in occupancy expenses on the statements of functional expenses, amounting to \$34,800 and \$33,300 for the fiscal years ending August 31, 2024 and 2023.

NOTE 11: EMPLOYEE RETIREMENT PLAN

In 2016, The Organization implemented a Simple IRA Plan. An employee is eligible to become a participant in the Plan provided the employee has earned \$5,000 during any preceding year and it is anticipated the employee will receive at least as much in the current year. A formula has been established whereby employee contributions are matched by the Organization up to a maximum of 3% of the employee's compensation. The employer contributions of \$14,805 and \$14,497 for 2024 and 2023 are matching, non-elective contributions.

NOTE 12: SUBSEQUENT EVENTS

No material subsequent events were identified that would affect the financial statements for the period ended August 31, 2024. Subsequent events have been evaluated through June 19, 2025, which is the date the financial statements were available to be issued.

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$1,189,650 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. This consists of unrestricted cash and cash equivalents of \$182,428 grants receivable of \$89,937 and unrestricted investments of \$1,149,346 net of the Organization's current liabilities of \$67,839 and restricted net assets in the amount of \$164,222. The Organization has enough financial assets on hand to meet at least 90 days of normal operating expenses which are, on average approximately \$160,000 per month.