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MUSIC FOR ALL, INC.  
AND AFFILIATE  
COMBINED FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
FEBRUARY 28, 2017

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GREENWALT<sup>CPAs</sup>

We Deliver Peace of Mind

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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, 2017 and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 combined 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 to 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 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, 2017, and the changes in their net assets and 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 Music for All, Inc. and Affiliate's 2016 combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended February 29, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Greenwalt CPAs, Inc.*

September 13, 2017

MUSIC FOR ALL, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>	<u>LIABILITIES AND NET ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 3,703,647	\$ 2,565,854	Accounts payable	\$ 16,620	\$ 68,243
Accounts receivable, net of allowance for doubtful accounts of \$13,300 in 2017 and 2016	754,507	646,243	Accrued expenses	1,262,356	252,288
Pledge receivable - short-term	5,000	-	Prepaid event income	<u>2,686,315</u>	<u>2,479,935</u>
Inventory	19,477	18,165	<i>Total current liabilities</i>	<u>3,965,291</u>	<u>2,800,466</u>
Prepaid expenses	<u>354,632</u>	<u>385,495</u>			
<i>Total current assets</i>	<u>4,837,263</u>	<u>3,615,757</u>	<b>LONG-TERM LIABILITIES</b>		
			Deferred trust liability	33,897	35,430
<b>INVESTMENTS</b>			Reserve for license fees	<u>187,964</u>	<u>253,448</u>
Marketable securities	<u>297,237</u>	<u>258,003</u>	<i>Total long-term liabilities</i>	<u>221,861</u>	<u>288,878</u>
			<i>Total liabilities</i>	<u>4,187,152</u>	<u>3,089,344</u>
<b>PROPERTY AND EQUIPMENT</b>			<b>COMMITMENTS (NOTES 11 AND 12)</b>		
Property and equipment	1,543,804	1,525,740	<b>NET ASSETS</b>		
Accumulated depreciation	<u>(1,459,935)</u>	<u>(1,435,115)</u>	Unrestricted	727,889	587,432
<i>Net property and equipment</i>	<u>83,869</u>	<u>90,625</u>	Temporarily restricted	164,813	160,925
			Permanently restricted	<u>176,469</u>	<u>146,684</u>
<b>OTHER ASSETS</b>			<i>Total net assets</i>	<u>1,069,171</u>	<u>895,041</u>
Pledge receivable - long-term	17,954	-			
Trademark	<u>20,000</u>	<u>20,000</u>			
<i>Total other assets</i>	<u>37,954</u>	<u>20,000</u>			
	<u>\$ 5,256,323</u>	<u>\$ 3,984,385</u>		<u>\$ 5,256,323</u>	<u>\$ 3,984,385</u>

See accompanying notes to financial statements.

**MUSIC FOR ALL, INC. AND AFFILIATE**

## COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED FEBRUARY 28, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 29, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
<b>REVENUE</b>					
Program fees	\$ 1,869,409	\$ -	\$ -	\$ 1,869,409	\$ 900,197
Housing and meal fees	1,751,242	-	-	1,751,242	1,348,849
Ticket fees	2,888,435	-	-	2,888,435	2,638,655
Band fees	617,189	-	-	617,189	553,475
Merchandise sales	68,085	-	-	68,085	25,457
Program book sales	151,363	-	-	151,363	145,729
Photography commissions	1,404	-	-	1,404	1,660
Merchandise commissions and sales	622,105	-	-	622,105	725,629
Sponsorships	1,109,861	-	-	1,109,861	1,001,139
Contributions	142,312	66	29,785	172,163	136,155
In-kind contributions	153,650	-	-	153,650	167,726
Grants	140,600	-	-	140,600	148,270
Interest and dividends	10,818	-	-	10,818	12,123
Realized and unrealized gain (loss) on investments	28,737	5,822	-	34,559	(30,910)
Miscellaneous	29,411	-	-	29,411	29,179
Net assets released from restrictions	2,000	(2,000)	-	-	-
<i>Total revenue</i>	<u>9,586,621</u>	<u>3,888</u>	<u>29,785</u>	<u>9,620,294</u>	<u>7,803,333</u>
<b>EXPENSES</b>					
Program	8,666,813	-	-	8,666,813	7,344,865
Fundraising	211,018	-	-	211,018	177,535
General and administrative	568,333	-	-	568,333	514,521
<i>Total expenses</i>	<u>9,446,164</u>	<u>-</u>	<u>-</u>	<u>9,446,164</u>	<u>8,036,921</u>
<b>CHANGE IN NET ASSETS</b>	140,457	3,888	29,785	174,130	(233,588)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>587,432</u>	<u>160,925</u>	<u>146,684</u>	<u>895,041</u>	<u>1,128,629</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 727,889</u>	<u>\$ 164,813</u>	<u>\$ 176,469</u>	<u>\$ 1,069,171</u>	<u>\$ 895,041</u>

**MUSIC FOR ALL, INC. AND AFFILIATE**

## COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED FEBRUARY 28, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 29, 2016

	PROGRAM EXPENSES	FUNDRAISING EXPENSES	GENERAL AND ADMINISTRATIVE EXPENSES	2017 TOTAL	2016 TOTAL
<b>PROGRAMS</b>					
Awards and trophies	\$ 100,003	\$ -	\$ -	\$ 100,003	\$ 110,705
Scholarships and grants	7,000	-	-	7,000	10,670
Clinicians' and judges' fees	1,065,659	-	-	1,065,659	827,939
Copyright fees	196,958	-	-	196,958	443,118
Cost of merchandise sold	265,337	-	-	265,337	452,613
Equipment rental	167,247	-	111	167,358	141,485
Program promotion	233,994	15,334	16,665	265,993	214,214
Facility rental	745,027	-	-	745,027	728,607
Participants' housing and meals	2,024,752	-	-	2,024,752	1,327,513
Outside services	1,483,285	950	23,362	1,507,597	1,031,342
Other program expenses	486,347	8,886	35,331	530,564	434,118
<i>Total programs and activities</i>	<u>6,775,609</u>	<u>25,170</u>	<u>75,469</u>	<u>6,876,248</u>	<u>5,722,324</u>
<b>PERSONNEL RELATED</b>					
Salaries and contract employees	1,130,731	126,176	280,683	1,537,590	1,352,824
Salaries - payroll taxes	78,428	9,532	19,607	107,567	88,633
403(b) contribution	22,594	1,440	5,649	29,683	25,878
Staff travel, housing and meals	10,297	5,446	2,059	17,802	19,465
Group insurance	82,490	20,814	20,622	123,926	129,369
Other personnel related expenses	13,179	-	3,295	16,474	4,774
<i>Total personnel related</i>	<u>1,337,719</u>	<u>163,408</u>	<u>331,915</u>	<u>1,833,042</u>	<u>1,620,943</u>
<b>BUILDING AND FACILITY</b>					
Depreciation and amortization	19,267	737	4,817	24,821	25,561
Rental - office building	172,598	7,122	46,540	226,260	239,824
Repairs and maintenance	28,132	854	2,100	31,086	16,682
Telephone and utilities	40,343	1,519	10,086	51,948	48,209
<i>Total building and facility</i>	<u>260,340</u>	<u>10,232</u>	<u>63,543</u>	<u>334,115</u>	<u>330,276</u>
<b>OFFICE AND ADMINISTRATIVE</b>					
Board of director's expense	8,597	324	2,149	11,070	11,019
Computer services and supplies	38,730	7,690	21,716	68,136	79,239
Business insurance	62,816	2,365	15,704	80,885	75,245
Professional services	-	-	-	-	404
Interest	693	-	173	866	834
Franchise, sales, and income taxes	13,557	-	-	13,557	13,614
Other office and administrative	168,752	1,829	57,664	228,245	183,023
<i>Total office and administrative</i>	<u>293,145</u>	<u>12,208</u>	<u>97,406</u>	<u>402,759</u>	<u>363,378</u>
	<u>\$ 8,666,813</u>	<u>\$ 211,018</u>	<u>\$ 568,333</u>	<u>\$ 9,446,164</u>	<u>\$ 8,036,921</u>

INCREASE IN CASH

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from program activities and contributors	\$ 9,430,396	\$ 7,824,286
Cash paid to suppliers and employees	(8,279,815)	(7,665,529)
Interest expense	(866)	(834)
Interest and dividend income	10,818	12,123
	<u>1,160,533</u>	<u>170,046</u>
<i>Net cash provided by operating activities</i>		
	<u>1,160,533</u>	<u>170,046</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(18,065)	(61,704)
Proceeds from sale of investments	-	4,000
Purchases of investments	(4,675)	(7,816)
	<u>(22,740)</u>	<u>(65,520)</u>
<i>Net cash used in investing activities</i>		
	<u>(22,740)</u>	<u>(65,520)</u>
<b>INCREASE IN CASH</b>	1,137,793	104,526
<b>CASH, BEGINNING OF YEAR</b>	<u>2,565,854</u>	<u>2,461,328</u>
<b>CASH, END OF YEAR</b>	<u>\$ 3,703,647</u>	<u>\$ 2,565,854</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO  
 NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2017</u>	<u>2016</u>
CHANGE IN NET ASSETS	\$ 174,130	\$ (233,588)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	24,821	25,561
Realized and unrealized (gain) loss on investments	(34,559)	30,910
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable, net	(108,264)	(87,444)
Pledge receivable	(22,954)	-
Inventory	(1,312)	488
Prepaid expenses	30,863	(113,689)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(51,623)	44,117
Accrued expenses	1,010,068	(32,302)
Prepaid event income	206,380	323,269
Deferred trust liability	(1,533)	(1,433)
Reserve for license fees	(65,484)	214,157
<i>Total adjustments</i>	<u>986,403</u>	<u>403,634</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,160,533</u>	<u>\$ 170,046</u>

**MUSIC FOR ALL, INC. AND AFFILIATE**  
NOTES TO COMBINED FINANCIAL STATEMENTS  
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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**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 the music education and the arts. The majority of its revenues come from program registrations 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 29, 2016, 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 no cash equivalents at February 28, 2017 and February 29, 2016. The Organizations maintain cash balances at commercial banks. Music for All had a cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits at February 28, 2017.

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, 2017 AND FEBRUARY 29, 2016

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**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.

INVENTORY

Inventory, consisting of audio and video recordings, has been valued at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and 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.

OTHER ASSETS

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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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 for the past three years on audio/video media of Music for All events. Provisions to the reserve are based on total audio/video media distributed during the year.

**MUSIC FOR ALL, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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

NET ASSET CLASSIFICATIONS

As required by Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations, the Organizations are required to report information regarding the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

UNRESTRICTED NET ASSETS

The unrestricted net asset class includes general and board designated assets and liabilities of the Organizations. The unrestricted net assets 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 the unrestricted assets to be used in the event of an emergency in the amount of \$94,199 at February 28, 2017 and February 29, 2016.

TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net asset class includes 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. Donor restricted promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. Temporarily restricted net assets are comprised of the following at February 28, 2017 and February 29, 2016:

	<u>2017</u>	<u>2016</u>
National Association of Uniform Manufacturers and Distributors	\$ 1,050	\$ 1,000
Mark Jolesch Scholarship	391	373
McLeroy Scholarship Fund	1,451	1,382
Tang Family Scholarship	69	-
The Paynter Project	3,158	3,008
Mark Williams Fund	107,976	104,723
Revelli Scholarship	260	200
Guitar Center, Inc. – teacher education fund	50,000	50,000
L.J. Hancock Memorial Endowment	308	139
Fred J. Miller Scholarship Fund	150	100
	<u>\$ 164,813</u>	<u>\$ 160,925</u>

MUSIC FOR ALL, INC. AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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

NET ASSET CLASSIFICATIONS, CONTINUED

Permanently Restricted Net Assets

The permanently 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. Permanently restricted net assets are comprised of the following at February 28, 2017 and February 29, 2016:

	<u>2017</u>	<u>2016</u>
Honor Band Chair Endowment	\$ 50,750	\$ 50,750
L.J. Hancock Memorial Endowment	35,723	35,374
Sandy Feldstein Legacy Fund	36,556	36,356
Fred J. Miller Scholarship Fund	21,000	21,000
Tang Family Scholarship Fund	27,954	-
Foundation Endowment	4,486	3,204
	<u>\$ 176,469</u>	<u>\$ 146,684</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 \$153,650 and \$167,726 for the years ended February 28, 2017 and February 29, 2016, respectively, has been reflected in the accompanying financial statements. This includes annual rent of \$132,000 for the years ended February 28, 2017 and February 29, 2016. See Note 10. Accordingly, these transactions have been treated as non-cash transactions and are properly excluded from the statement of cash flows.

EXPENSE ALLOCATION

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 \$85,310 and \$36,748 in advertising expense for the years ended February 28, 2017 and February 29, 2016, respectively. These costs were expensed as incurred.

**MUSIC FOR ALL, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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

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, 2017 and February 29, 2016 are as follows:

2017	<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	\$ 69,487	\$ 69,487	\$ -	\$ -
Value	101,115	101,115	-	-
Blended	6,536	6,536	-	-
Emerging markets	8,086	8,086	-	-
Fixed income	<u>112,013</u>	<u>112,013</u>	<u>-</u>	<u>-</u>
Total mutual funds	<u>\$ 297,237</u>	<u>\$ 297,237</u>	<u>\$ -</u>	<u>\$ -</u>
Pledge receivable	<u>\$ 22,954</u>	<u>\$ -</u>	<u>\$ 22,954</u>	<u>-</u>

MUSIC FOR ALL, INC. AND AFFILIATE  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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

FAIR VALUE MEASUREMENTS, CONTINUED

2016	<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	\$ 60,462	\$ 60,462	\$ -	\$ -
Value	85,289	85,289	-	-
Blended	4,958	4,958	-	-
Emerging markets	6,126	6,126	-	-
Fixed income	<u>101,168</u>	<u>101,168</u>	<u>-</u>	<u>-</u>
	<u>\$ 258,003</u>	<u>\$ 258,003</u>	<u>\$ -</u>	<u>\$ -</u>

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

- Mutual funds and fixed income - 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 2.

The valuation methodologies have not changed during the year ended February 28, 2017.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 13, 2017, which is the date the financial statements were available to be issued. See Note 11.

2. 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, 2017:

Pledge receivable expected to be collected in:

Less than one year	\$ 5,000
One to five years	20,000
Less discount to present value	<u>(2,046)</u>
	<u>\$ 22,954</u>

**MUSIC FOR ALL, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

**3. ENDOWMENT FUNDS**

The Organizations' endowment consists of donor permanently 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 permanently restricted net assets the original value of gifts donated to the permanent 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
- (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, 2017 and February 29, 2016:

<u>2017</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 239	\$ 146,684	\$ 146,923
Donations	-	29,785	29,785
Investment income	7,333	-	7,333
Appropriation of endowment net assets for expenditure	<u>(7,114)</u>	<u>-</u>	<u>(7,114)</u>
Endowment net assets, end of year	<u>\$ 458</u>	<u>\$ 176,469</u>	<u>\$ 176,927</u>
<u>2016</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 110	\$ 145,481	\$ 145,591
Donations	-	1,203	1,203
Investment income	7,273	-	7,273
Appropriation of endowment net assets for expenditure	<u>(7,144)</u>	<u>-</u>	<u>(7,144)</u>
Endowment net assets, end of year	<u>\$ 239</u>	<u>\$ 146,684</u>	<u>\$ 146,923</u>

MUSIC FOR ALL, INC. AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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3. ENDOWMENT FUNDS, CONTINUED

RETURN OBJECTIVES AND RISK PARAMETERS

The Organizations have 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.

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.

4. 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, 2017 and February 29, 2016 are as follows:

	<u>2017</u> <u>Fair</u> <u>Value</u>	<u>2017</u> <u>Cost</u>	<u>2016</u> <u>Fair</u> <u>Value</u>	<u>2016</u> <u>Cost</u>
Marketable Securities	\$ 297,237	\$ 267,731	\$ 258,003	\$ 262,727

**MUSIC FOR ALL, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2017 AND FEBRUARY 29, 2016**

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**5. PROPERTY AND EQUIPMENT**

Property and equipment at February 28, 2017 and February 29, 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 764,818	\$ 763,638
Capitalized software	33,724	30,205
Furniture and equipment	<u>745,262</u>	<u>731,897</u>
	1,543,804	1,525,740
Accumulated depreciation and amortization	<u>(1,459,935)</u>	<u>(1,435,115)</u>
	<u>\$ 83,869</u>	<u>\$ 90,625</u>

**6. 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, 2017 and February 29, 2016 was \$2,686,315 and \$2,479,935, respectively.

**7. BANK LINE OF CREDIT**

Music for All maintained a \$620,000 line of credit with a bank that expired in August 2017. The line of credit bore interest at the LIBOR rate plus 3.5% (4.28% at February 28, 2017). Music for All had no outstanding balance on the line of credit at February 28, 2017 and February 29, 2016. As of the date the financial statements were available to be issued, Music for All was in the process of renewing the line of credit. The line of credit was renewed on September 6, 2017.

**8. 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 \$33,897 and \$35,430 at February 28, 2017 and February 29, 2016, respectively.

**9. 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.

**10. EMPLOYEE BENEFIT PLAN**

Music for All maintains a Section 403(b) salary reduction 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.



MUSIC FOR ALL, INC. AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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10. EMPLOYEE BENEFIT PLAN, CONTINUED

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, 2017 and February 29, 2016 totaled \$29,683 and \$25,878, respectively.

11. 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, 2017. The liability related to the difference between straight-line rent and actual cash rental payments of \$176,344 and \$189,908 at February 28, 2017 and February 29, 2016, 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 2017 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 August 2020. Equipment rental expense for the years ended February 28, 2017 and February 29, 2016 for these leases amounted to \$24,002 and \$23,231, 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:

2018	\$	69,539
2019		87,624
2020		105,709
2021		112,552
2022		122,607
Thereafter		187,048
	\$	<u>685,079</u>

12. COMMITMENTS

Music for All has contracted to hold a portion of its programming activities at two venues through June 2023 and November 2023. The minimum annual amounts due under these contracts are \$395,000. Music for All reserves hotel rooms in advance of future events which have commitments. The fiscal year 2018 and 2019 agreements were signed prior to February 28, 2017. The 2018 agreement had a food and beverage minimum of \$190,000. If the minimum is not met, Music for All owes the shortage multiplied by 40%. The contract also includes a cancellation clause with escalating cancellation penalties. The 2018 event was held in March 2017 and Music for All did not incur any cancellation or food and beverage penalties. The 2019 agreement has a food and beverage minimum of \$195,000. If the minimum is not met, Music for all owes the shortage multiplied by 40%. The agreement also includes escalating cancellation clauses whereby Music for All would owe \$240,000 if the event is cancelled prior to December 31, 2017 or \$360,000 if the event is cancelled thereafter.

12. COMMITMENTS, CONTINUED

Music for All also has agreements in place to sponsor future events through December 2019. The total commitments related to these agreements are \$42,500. Subsequent to year end, Music for All entered a software implementation and licensure agreement through June 2022. The implementation costs and annual license fees approximate \$75,000 and \$72,000, respectively.



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
[www.greenwaltcpas.com](http://www.greenwaltcpas.com)

## 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, 2017, and our report thereon dated September 13, 2017, which expressed an unmodified opinion on those combined financial statements, appears on page one. 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 29, 2016 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 conducted for the purpose of forming an opinion on the combined financial statements as a whole. The information in Exhibits I through VI, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*Greenwalt CPAs, Inc.*

September 13, 2017

**MUSIC FOR ALL, INC. AND AFFILIATE**

COMBINING STATEMENTS OF FINANCIAL POSITION

FEBRUARY 28, 2017

WITH COMPARATIVE TOTALS AS OF FEBRUARY 29, 2016

Exhibit I

<u>ASSETS</u>	<u>MUSIC FOR ALL</u>	<u>MUSIC FOR ALL FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>2017 TOTAL</u>	<u>2016 TOTAL</u>
<b>CURRENT ASSETS</b>					
Cash	\$ 3,682,190	\$ 21,457	\$ -	\$ 3,703,647	\$ 2,565,854
Accounts receivable, net of allowance for doubtful accounts of \$13,300 in 2017 and 2016	754,438	69	-	754,507	646,243
Accounts receivable - related party	4,272	-	(4,272)	-	-
Pledges receivable - short-term	-	5,000	-	5,000	-
Inventory	19,477	-	-	19,477	18,165
Prepaid expenses	354,632	-	-	354,632	385,495
<i>Total current assets</i>	<u>4,815,009</u>	<u>26,526</u>	<u>(4,272)</u>	<u>4,837,263</u>	<u>3,615,757</u>
<b>INVESTMENTS</b>					
Marketable securities	-	297,237	-	297,237	258,003
<b>PROPERTY AND EQUIPMENT</b>					
Property and equipment	1,535,955	7,849	-	1,543,804	1,525,740
Accumulated depreciation and amortization	(1,452,086)	(7,849)	-	(1,459,935)	(1,435,115)
<i>Net property and equipment</i>	<u>83,869</u>	<u>-</u>	<u>-</u>	<u>83,869</u>	<u>90,625</u>
<b>OTHER ASSETS</b>					
Pledges receivable - long-term	-	17,954	-	17,954	-
Trademark	20,000	-	-	20,000	20,000
<i>Total other assets</i>	<u>20,000</u>	<u>17,954</u>	<u>-</u>	<u>37,954</u>	<u>20,000</u>
	<u>\$ 4,918,878</u>	<u>\$ 341,717</u>	<u>\$ (4,272)</u>	<u>\$ 5,256,323</u>	<u>\$ 3,984,385</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 16,620	\$ -	\$ -	\$ 16,620	\$ 68,243
Accounts payable - related party	-	4,272	(4,272)	-	-
Accrued expenses	1,258,356	4,000	-	1,262,356	252,288
Prepaid event income	2,686,315	-	-	2,686,315	2,479,935
<i>Total current liabilities</i>	<u>3,961,291</u>	<u>8,272</u>	<u>(4,272)</u>	<u>3,965,291</u>	<u>2,800,466</u>
<b>LONG-TERM LIABILITIES</b>					
Deferred trust liability	33,897	-	-	33,897	35,430
Reserve for license fees	187,964	-	-	187,964	253,448
<i>Total long-term liabilities</i>	<u>221,861</u>	<u>-</u>	<u>-</u>	<u>221,861</u>	<u>288,878</u>
<i>Total liabilities</i>	<u>4,183,152</u>	<u>8,272</u>	<u>(4,272)</u>	<u>4,187,152</u>	<u>3,089,344</u>
<b>NET ASSETS</b>					
Unrestricted	685,726	42,163	-	727,889	587,432
Temporarily restricted	50,000	114,813	-	164,813	160,925
Permanently restricted	-	176,469	-	176,469	146,684
	<u>735,726</u>	<u>333,445</u>	<u>-</u>	<u>1,069,171</u>	<u>895,041</u>
	<u>\$ 4,918,878</u>	<u>\$ 341,717</u>	<u>\$ (4,272)</u>	<u>\$ 5,256,323</u>	<u>\$ 3,984,385</u>

**MUSIC FOR ALL, INC. AND AFFILIATE**

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED FEBRUARY 28, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 29, 2016

Exhibit II

	UNRESTRICTED				TEMPORARILY RESTRICTED			PERMANENTLY RESTRICTED	2017 TOTAL	2016 TOTAL
	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	TOTAL	MUSIC FOR ALL FOUNDATION		
<b>REVENUE</b>										
Program fees	\$ 1,869,409	\$ -	\$ -	\$ 1,869,409	\$ -	\$ -	\$ -	\$ -	\$ 1,869,409	\$ 900,197
Housing and meal fees	1,751,242	-	-	1,751,242	-	-	-	-	1,751,242	1,348,849
Ticket fees	2,888,435	-	-	2,888,435	-	-	-	-	2,888,435	2,638,655
Band fees	617,189	-	-	617,189	-	-	-	-	617,189	553,475
Merchandise sales	68,085	-	-	68,085	-	-	-	-	68,085	25,457
Program book sales	151,363	-	-	151,363	-	-	-	-	151,363	145,729
Photography commissions	1,404	-	-	1,404	-	-	-	-	1,404	1,660
Merchandise commissions and sales	622,105	-	-	622,105	-	-	-	-	622,105	725,629
Sponsorships	1,109,861	-	-	1,109,861	-	-	-	-	1,109,861	1,001,139
Contributions	136,010	6,302	-	142,312	-	66	66	29,785	172,163	136,155
In-kind contributions	153,650	-	-	153,650	-	-	-	-	153,650	167,726
Grants	148,600	-	(8,000)	140,600	-	-	-	-	140,600	148,270
Interest and dividends	756	10,062	-	10,818	-	-	-	-	10,818	12,123
Realized and unrealized gain (loss) on investments	-	28,737	-	28,737	-	5,822	5,822	-	34,559	(30,910)
Miscellaneous	29,411	-	-	29,411	-	-	-	-	29,411	29,179
Net assets released from restrictions	-	2,000	-	2,000	-	(2,000)	(2,000)	-	-	-
<i>Total revenue</i>	<u>9,547,520</u>	<u>47,101</u>	<u>(8,000)</u>	<u>9,586,621</u>	<u>-</u>	<u>3,888</u>	<u>3,888</u>	<u>29,785</u>	<u>9,620,294</u>	<u>7,803,333</u>
<b>EXPENSES</b>										
Program	8,659,813	15,000	(8,000)	8,666,813	-	-	-	-	8,666,813	7,344,865
Fundraising	211,018	-	-	211,018	-	-	-	-	211,018	177,535
General and administrative	564,111	4,222	-	568,333	-	-	-	-	568,333	514,521
<i>Total expenses</i>	<u>9,434,942</u>	<u>19,222</u>	<u>(8,000)</u>	<u>9,446,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,446,164</u>	<u>8,036,921</u>
<b>CHANGE IN NET ASSETS</b>	112,578	27,879	-	140,457	-	3,888	3,888	29,785	174,130	(233,588)
<b>NET ASSETS, BEGINNING OF YEAR</b>	573,148	14,284	-	587,432	50,000	110,925	160,925	146,684	895,041	1,128,629
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 685,726</u>	<u>\$ 42,163</u>	<u>\$ -</u>	<u>\$ 727,889</u>	<u>\$ 50,000</u>	<u>\$ 114,813</u>	<u>\$ 164,813</u>	<u>\$ 176,469</u>	<u>\$ 1,069,171</u>	<u>\$ 895,041</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, 2017  
 WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED FEBRUARY 29, 2016

Exhibit III

	MUSIC FOR ALL				MUSIC FOR ALL FOUNDATION	ELIMINATIONS	2017 TOTAL	2016 TOTAL
	PROGRAM	FUNDRAISING	GENERAL & ADMINISTRATIVE EXPENSES	TOTAL				
<b>PROGRAMS</b>								
Awards and trophies	\$ 100,003	\$ -	\$ -	\$ 100,003	\$ -	\$ -	\$ 100,003	\$ 110,705
Scholarships and grants	-	-	-	-	15,000	(8,000)	7,000	10,670
Clinicians' and judges' fees	1,065,659	-	-	1,065,659	-	-	1,065,659	827,939
Copyright fees	196,958	-	-	196,958	-	-	196,958	443,118
Cost of merchandise sold	265,337	-	-	265,337	-	-	265,337	452,613
Equipment rental	167,247	-	111	167,358	-	-	167,358	141,485
Program promotion	233,994	15,334	16,665	265,993	-	-	265,993	214,214
Facility rental	745,027	-	-	745,027	-	-	745,027	728,607
Participants' housing and meals	2,024,752	-	-	2,024,752	-	-	2,024,752	1,327,513
Outside services	1,483,285	950	19,951	1,504,186	3,411	-	1,507,597	1,031,342
Other program expenses	486,347	8,886	35,331	530,564	-	-	530,564	434,118
<i>Total programs and activities</i>	<u>6,768,609</u>	<u>25,170</u>	<u>72,058</u>	<u>6,865,837</u>	<u>18,411</u>	<u>(8,000)</u>	<u>6,876,248</u>	<u>5,722,324</u>
<b>PERSONNEL RELATED</b>								
Salaries and contract employees	1,130,731	126,176	280,683	1,537,590	-	-	1,537,590	1,352,824
Salaries - payroll taxes	78,428	9,532	19,607	107,567	-	-	107,567	88,633
403(b) contribution	22,594	1,440	5,649	29,683	-	-	29,683	25,878
Staff travel, housing and meals	10,297	5,446	2,059	17,802	-	-	17,802	19,465
Group insurance	82,490	20,814	20,622	123,926	-	-	123,926	129,369
Other personnel related expenses	13,179	-	3,295	16,474	-	-	16,474	4,774
<i>Total personnel related</i>	<u>1,337,719</u>	<u>163,408</u>	<u>331,915</u>	<u>1,833,042</u>	<u>-</u>	<u>-</u>	<u>1,833,042</u>	<u>1,620,943</u>
<b>BUILDING AND FACILITY</b>								
Depreciation and amortization	19,267	737	4,817	24,821	-	-	24,821	25,561
Rental - office building	172,598	7,122	46,540	226,260	-	-	226,260	239,824
Repairs and maintenance	28,132	854	2,100	31,086	-	-	31,086	16,682
Telephone and utilities	40,343	1,519	10,086	51,948	-	-	51,948	48,209
<i>Total building and facility</i>	<u>260,340</u>	<u>10,232</u>	<u>63,543</u>	<u>334,115</u>	<u>-</u>	<u>-</u>	<u>334,115</u>	<u>330,276</u>
<b>OFFICE AND ADMINISTRATIVE</b>								
Board of director's expense	8,597	324	2,149	11,070	-	-	11,070	11,019
Computer services and supplies	38,730	7,690	21,716	68,136	-	-	68,136	79,239
Business insurance	62,816	2,365	15,704	80,885	-	-	80,885	75,245
Professional services	-	-	-	-	-	-	-	404
Interest	693	-	173	866	-	-	866	834
Franchise, sales, and income taxes	13,557	-	-	13,557	-	-	13,557	13,614
Other office and administrative	168,752	1,829	56,853	227,434	811	-	228,245	183,023
<i>Total office and administrative</i>	<u>293,145</u>	<u>12,208</u>	<u>96,595</u>	<u>401,948</u>	<u>811</u>	<u>-</u>	<u>402,759</u>	<u>363,378</u>
	<u>\$ 8,659,813</u>	<u>\$ 211,018</u>	<u>\$ 564,111</u>	<u>\$ 9,434,942</u>	<u>\$ 19,222</u>	<u>\$ (8,000)</u>	<u>\$ 9,446,164</u>	<u>\$ 8,036,921</u>

See accompanying independent auditors' report on supplementary information.

**MUSIC FOR ALL, INC. AND AFFILIATE**

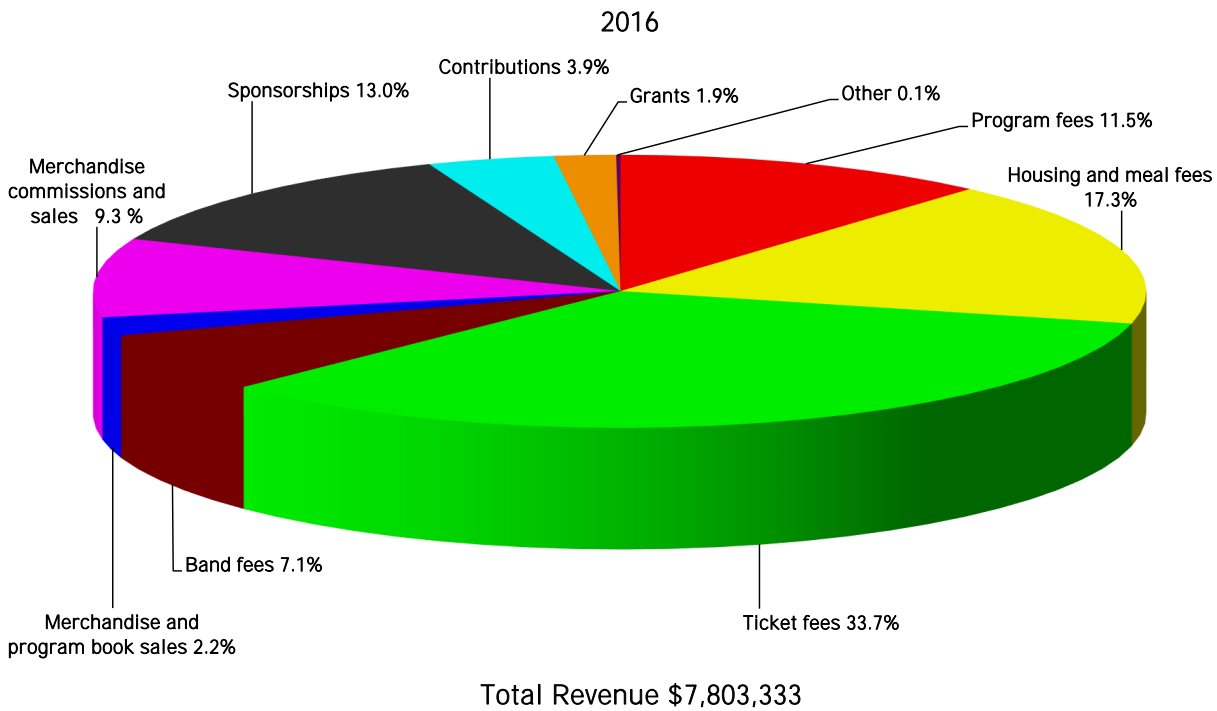
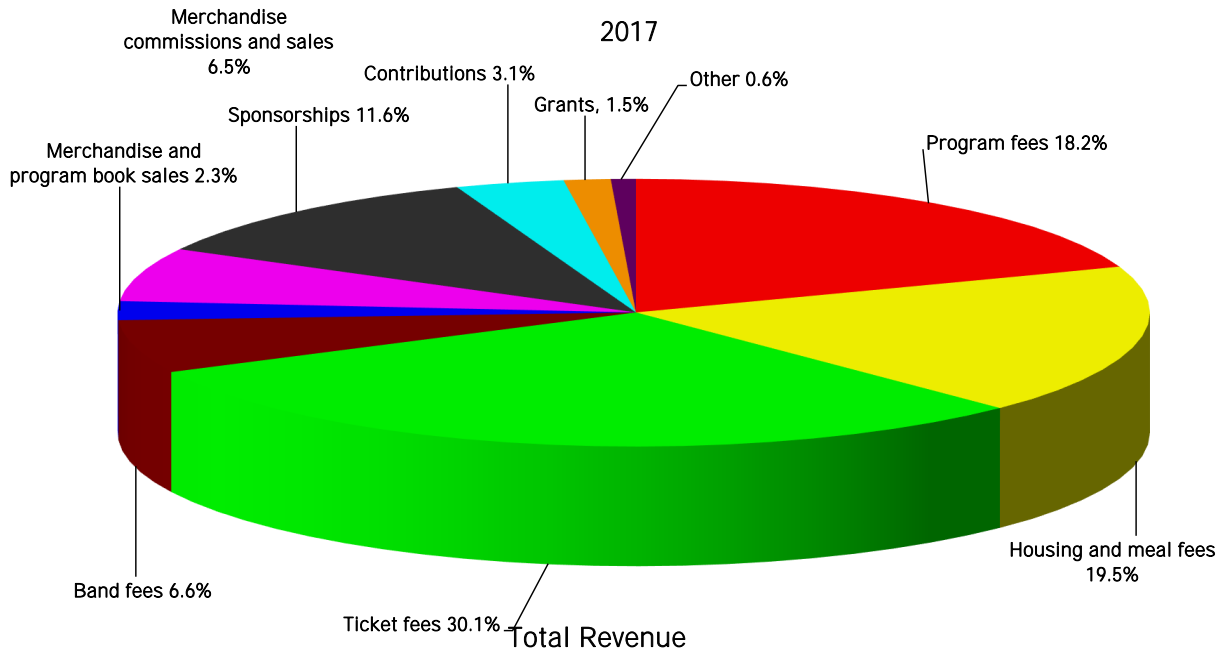
COMBINING STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

Exhibit IV

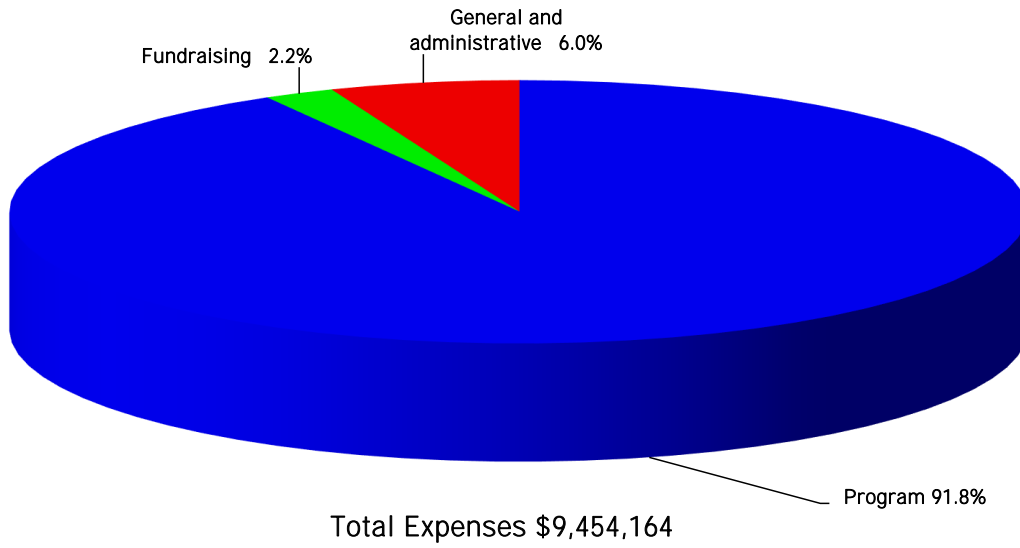
	2017				2016			
	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL	MUSIC FOR ALL	MUSIC FOR ALL FOUNDATION	ELIMINATIONS	TOTAL
<b>REVENUE</b>								
Program fees	\$ 1,869,409	\$ -	\$ -	\$ 1,869,409	\$ 900,197	\$ -	\$ -	\$ 900,197
Housing and meal fees	1,751,242	-	-	1,751,242	1,348,849	-	-	1,348,849
Ticket fees	2,888,435	-	-	2,888,435	2,638,655	-	-	2,638,655
Band fees	617,189	-	-	617,189	553,475	-	-	553,475
Merchandise sales	68,085	-	-	68,085	25,457	-	-	25,457
Program book sales	151,363	-	-	151,363	145,729	-	-	145,729
Photography commissions	1,404	-	-	1,404	1,660	-	-	1,660
Merchandise commissions	622,105	-	-	622,105	725,629	-	-	725,629
Sponsorships	1,109,861	-	-	1,109,861	1,001,139	-	-	1,001,139
Contributions	136,010	36,153	-	172,163	104,617	31,538	-	136,155
In-kind contributions	153,650	-	-	153,650	167,726	-	-	167,726
Grants	148,600	-	(8,000)	140,600	148,270	-	-	148,270
Interest	756	10,062	-	10,818	308	11,815	-	12,123
Realized and unrealized loss (gain) on investments	-	34,559	-	34,559	-	(30,910)	-	(30,910)
Miscellaneous	29,411	-	-	29,411	29,179	-	-	29,179
<i>Total revenue</i>	<u>9,547,520</u>	<u>80,774</u>	<u>(8,000)</u>	<u>9,620,294</u>	<u>7,790,890</u>	<u>12,443</u>	<u>-</u>	<u>7,803,333</u>
<b>EXPENSES</b>								
Program	8,659,813	15,000	(8,000)	8,666,813	7,334,195	10,670	-	7,344,865
Fundraising	211,018	-	-	211,018	177,535	-	-	177,535
General and administrative	564,111	4,222	-	568,333	510,550	3,971	-	514,521
<i>Total expenses</i>	<u>9,434,942</u>	<u>19,222</u>	<u>(8,000)</u>	<u>9,446,164</u>	<u>8,022,280</u>	<u>14,641</u>	<u>-</u>	<u>8,036,921</u>
<b>CHANGE IN NET ASSETS</b>	112,578	61,552	-	174,130	(231,390)	(2,198)	-	(233,588)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>623,148</u>	<u>271,893</u>	<u>-</u>	<u>895,041</u>	<u>854,538</u>	<u>274,091</u>	<u>-</u>	<u>1,128,629</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 735,726</u>	<u>\$ 333,445</u>	<u>\$ -</u>	<u>\$ 1,069,171</u>	<u>\$ 623,148</u>	<u>\$ 271,893</u>	<u>\$ -</u>	<u>\$ 895,041</u>

See accompanying independent auditors' report on supplementary information.





2017



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