



(A Nonprofit Organization)

FINANCIAL STATEMENTS

Years Ended July 31, 2025 and 2024



BRADY WARE
& SCHOENFELD

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Atlanta Music Project, Inc.

Opinion

We have audited the accompanying financial statements of **Atlanta Music Project, Inc.** (a nonprofit organization), which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Atlanta Music Project, Inc.** as of July 31, 2025 and 2024, 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. 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 **Atlanta Music Project, Inc.** 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.

Emphasis of a Matter - Correction of an Error

As discussed in Note 13 to the financial statements, **Atlanta Music Project, Inc.** identified an error in the previously issued financial statements related to the omission of a three-year promise to give from a foundation. The financial statements as of July 31, 2024 have been restated, and an adjustment has been made to net assets as of July 31, 2025 to correct the error. Our opinion is not modified with respect to that matter.

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.

INDEPENDENT AUDITORS' REPORT - CONTINUED

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 **Atlanta Music Project, Inc.'s** ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Atlanta Music Project, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Atlanta Music Project, Inc.'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.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Other Information Included in the Organization's Annual Report

Management is responsible for the other information included in the Organization's Annual Report for 2025 and 2024. The other information comprises information on the Organization's operations, financial results, and financial position, but it does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Atlanta, Georgia
January 28, 2026

ATLANTA MUSIC PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

July 31, 2025 and 2024

	<u>2025</u>	(As restated) <u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 249,080	\$ 607,109
Grants receivable	66,083	81,000
Current portion of promises to give	<u>288,333</u>	<u>1,130,833</u>
Total current assets	603,496	1,818,942
PROPERTY AND EQUIPMENT, NET	1,687,129	1,656,952
OPERATING LEASE RIGHT OF USE ASSET	488,966	565,530
OTHER ASSETS		
Long-term promises to give, net of current portion	68,746	275,454
Investments	<u>2,685,858</u>	<u>3,678,661</u>
	<u>\$ 5,534,195</u>	<u>\$ 7,995,539</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 101,335	\$ 7,166
Accrued expenses	97,693	88,184
Current portion of operating lease liability	75,831	73,875
Refundable advance	<u>50,000</u>	<u>-</u>
Total current liabilities	324,859	169,225
LONG-TERM OPERATING LEASE LIABILITY, NET OF CURRENT PORTION	<u>427,452</u>	<u>503,282</u>
Total liabilities	<u>752,311</u>	<u>672,507</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,123,753	1,378,250
Board designated	<u>2,935,858</u>	<u>3,928,661</u>
	4,059,611	5,306,911
With donor restrictions:		
Purpose restrictions	365,194	1,405,721
Time restrictions	<u>357,079</u>	<u>610,400</u>
	<u>722,273</u>	<u>2,016,121</u>
Total net assets	<u>4,781,884</u>	<u>7,323,032</u>
	<u>\$ 5,534,195</u>	<u>\$ 7,995,539</u>

See notes to financial statements.

ATLANTA MUSIC PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Corporate funding	\$ 46,362	\$ 33,254	\$ 79,616
Government grants	60,973	45,000	105,973
Foundation grants	220,239	376,574	596,813
Program fees	107,244	-	107,244
Contributions of nonfinancial assets	102,040	-	102,040
Individual donations	175,833	1,500	177,333
Investment income, net	214,586	-	214,586
Other revenue	8,116	-	8,116
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>1,750,176</u>	<u>(1,750,176)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>2,685,569</u>	<u>(1,293,848)</u>	<u>1,391,721</u>
FUNCTIONAL EXPENSES			
Program services	3,222,755	-	3,222,755
Management and general	538,330	-	538,330
Fundraising	<u>171,784</u>	<u>-</u>	<u>171,784</u>
Total functional expenses	<u>3,932,869</u>	<u>-</u>	<u>3,932,869</u>
CHANGES IN NET ASSETS	(1,247,300)	(1,293,848)	(2,541,148)
NET ASSETS			
Beginning of year, as previously reported	5,306,911	1,743,233	7,050,144
Prior period adjustment (See Note 13)	<u>-</u>	<u>272,888</u>	<u>272,888</u>
Beginning of year, as restated	<u>5,306,911</u>	<u>2,016,121</u>	<u>7,323,032</u>
End of year	<u>\$ 4,059,611</u>	<u>\$ 722,273</u>	<u>\$ 4,781,884</u>

ATLANTA MUSIC PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS, AS RESTATED

Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Corporate funding	\$ 200,120	\$ 96,060	\$ 296,180
Capital campaign	3,600	-	3,600
Government grants	74,300	176,745	251,045
Foundation grants	351,635	4,984,978	5,336,613
Program fees	123,569	-	123,569
Contributions of nonfinancial assets	4,575	-	4,575
Individual donations	150,807	-	150,807
Investment income, net	277,489	-	277,489
Other revenue	4,617	-	4,617
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>4,220,521</u>	<u>(4,220,521)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>5,411,233</u>	<u>1,037,262</u>	<u>6,448,495</u>
FUNCTIONAL EXPENSES			
Program services	2,992,095	-	2,992,095
Management and general	481,577	-	481,577
Fundraising	<u>161,960</u>	<u>-</u>	<u>161,960</u>
Total functional expenses	<u>3,635,632</u>	<u>-</u>	<u>3,635,632</u>
CHANGES IN NET ASSETS	1,775,601	1,037,262	2,812,863
NET ASSETS			
Beginning of year	<u>3,531,310</u>	<u>978,859</u>	<u>4,510,169</u>
End of year	<u>\$ 5,306,911</u>	<u>\$ 2,016,121</u>	<u>\$ 7,323,032</u>

ATLANTA MUSIC PROJECT, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended July 31, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries - officers	\$ 180,566	\$ 129,181	\$ 51,384	\$ 361,131
Salaries - teaching artists	652,306	-	-	652,306
Salaries - other	772,895	172,583	69,830	1,015,308
Payroll taxes and benefits	254,324	51,954	24,858	331,136
Instruments and music supplies	303,652	-	-	303,652
Summer Series lunches	22,162	-	-	22,162
Musical events	90,755	-	-	90,755
Miscellaneous	9,712	3,238	-	12,950
Evaluations	27,000	-	-	27,000
Scholarship awards	238,148	-	-	238,148
Professional fees	87,071	87,071	-	174,142
Advertising and promotion	13,296	13,297	-	26,593
Website	1,747	873	-	2,620
Insurance	42,995	5,968	-	48,963
Office expenses	49,414	28,282	25,712	103,408
Storage	31,711	-	-	31,711
Travel and meetings	139,240	15,471	-	154,711
Bank charges	-	13,942	-	13,942
Occupancy	148,233	16,470	-	164,703
Depreciation	157,528	-	-	157,528
Total expenses	<u>\$ 3,222,755</u>	<u>\$ 538,330</u>	<u>\$ 171,784</u>	<u>\$ 3,932,869</u>
Percent	<u>82%</u>	<u>14%</u>	<u>4%</u>	<u>100%</u>

See notes to financial statements.

ATLANTA MUSIC PROJECT, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended July 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries - officers	\$ 173,959	\$ 117,161	\$ 56,798	\$ 347,918
Salaries - teaching artists	684,731	-	-	684,731
Salaries - other	676,312	176,839	65,058	918,209
Payroll taxes and related	206,123	46,110	21,634	273,867
Instruments and music supplies	86,389	-	-	86,389
Summer Series lunches	21,438	-	-	21,438
Musical events	192,183	-	-	192,183
Miscellaneous	32,661	10,887	-	43,548
Evaluations	33,444	-	-	33,444
Scholarship awards	178,326	-	-	178,326
Professional fees	11,018	11,018	-	22,036
Advertising and promotion	24,166	24,166	-	48,332
Website	1,747	873	-	2,620
Insurance	37,186	5,161	-	42,347
Office expenses	70,507	40,355	18,470	129,332
Storage	27,058	-	-	27,058
Travel and meetings	240,419	26,713	-	267,132
Bank charges	-	6,629	-	6,629
Occupancy	140,985	15,665	-	156,650
Depreciation	<u>153,443</u>	<u>-</u>	<u>-</u>	<u>153,443</u>
Total expenses	<u>\$ 2,992,095</u>	<u>\$ 481,577</u>	<u>\$ 161,960</u>	<u>\$ 3,635,632</u>
Percent	<u>82%</u>	<u>13%</u>	<u>5%</u>	<u>100%</u>

See notes to financial statements.

ATLANTA MUSIC PROJECT, INC.**STATEMENTS OF CASH FLOWS**

Years Ended July 31, 2025 and 2024

	<u>2025</u>	(As Restated) <u>2024</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (2,541,148)	\$ 2,812,863
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	157,528	153,443
Net realized and unrealized gains on investments	(41,840)	(274,408)
Amortization of operating lease right of use asset	<u>76,564</u>	<u>74,658</u>
	(2,348,896)	2,766,556
Changes in operating assets and liabilities:		
Grants receivable	14,917	160,300
Promises to give, net	1,049,208	(637,705)
Accounts payable	94,170	(6,326)
Accrued expenses	9,509	34,028
Refundable advance	50,000	-
Operating lease liability	<u>(73,875)</u>	<u>(71,969)</u>
Net cash and cash equivalents provided (used) by operating activities	(1,204,967)	2,244,884
INVESTING ACTIVITIES		
Purchases of property and equipment	(187,705)	(461,180)
Purchases of investments	(813,422)	(5,058,742)
Proceeds from sale of investments	<u>1,848,065</u>	<u>2,752,443</u>
Net cash and cash equivalents provided (used) by investing activities	<u>846,938</u>	<u>(2,767,479)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(358,029)	(522,595)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>607,109</u>	<u>1,129,704</u>
End of year	<u>\$ 249,080</u>	<u>\$ 607,109</u>

See notes to financial statements.

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Atlanta Music Project, Inc. ("the Organization") is a Georgia non-profit organization established to operate in under-resourced communities to provide world-class music training and performance opportunities that support youth growth and development in the Metropolitan Atlanta area. The Organization also provides after-school partnership sites in band, orchestra, and choir; a preparatory music school; private lessons; summer series and youth orchestra and choir programs; college and career support and scholarships. The Organization's activities are supported primarily through public and private grants and other means of public support.

Basis of Presentation - The financial statement presentation follows the recommendations of generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board has designated net assets for endowments.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. The Organization does not have any net assets with donor restrictions that are perpetual in nature as of July 31, 2025 and 2024.

Financial Estimates - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries, travel and insurance are allocated based on estimates of time and effort, and occupancy and related expenses are allocated based on estimates of square footage. All other expenses are allocated based on direct identification.

Contributions and Revenue - Contributions received are recorded as support and revenue without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional grants are recorded as revenue in the year the conditions are met. The continuation of the grants is subject to certain requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Organization recognized revenue for certain services received at the fair value of those services. These services include professional services that require specialized skill and services that create a non-financial asset. The Organization receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition have not been satisfied. Donations of equipment and investments are recorded as contributions at their estimated fair value at the date of donation.

Concentration of Credit Risk - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Organization's investment policies provide for the investment of excess cash balances in deposits with major institutions and in other high quality short-term liquid money market instruments. The Organization maintains cash balances at various financial institutions. At various times during 2025 and 2024, the cash balance was in excess of FDIC insured limits.

The exposure to concentrations of credit risk relative to the Organization's investments is limited due to the Organization's investment objectives and policies which require, among other things, that securities be diversified, meet certain quality criteria, and utilize only high credit quality institutions for investments. The investments are not insured for market risk.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents with the exception of those held within its investment portfolio.

Investments - Investments in marketable securities with readily determinable fair values are valued at their fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment are stated at cost and depreciated over its estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred and renewals and betterments are capitalized. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at July 31, 2025 and 2024.

Leases - The Organization leases a building with studio, performance and administrative space, and determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, and current and long-term operating lease liabilities on the accompanying statements of financial position.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants, and does not include non-lease components.

The Organization has elected to apply the short-term lease exemption to two of their classes of underlying assets. In 2025 and 2024, the Organization has only a small number of leases within these classes of underlying assets that qualify for the exemption.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

Uncertainty in Tax Positions - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of July 31, 2025 and 2024.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent Events - The Organization has evaluated subsequent events through January 28, 2026, the date the financial statements were available to be issued.

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION

The Organization derives its revenue primarily from contributions, grants and program fees. Contributions and grants are accounted for under contribution guidance established by ASU 2018-08. Program fees are recognized over time as the benefits from music related instruction is provided, in amounts that reflect the consideration the Organization expects to be entitled to and in exchange for the value provided from the instruction. Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

The Organization's contracts are cancelable at any time by either party. The Organization's standard payment terms for programs are typically due at the time of registration for the program. The Organization does not have any significant financing components. There is no variable consideration related to services provided.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets less those unavailable for general expenditure within one year.

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash and cash equivalents	\$ 249,080	\$ 607,109
Grants receivable	66,083	81,000
Promise to give, net	357,079	1,406,287
Investments	<u>2,685,858</u>	<u>3,678,661</u>
	3,358,100	5,773,057
Less those available for general expenditure within one year:		
Purpose restrictions	365,194	1,405,721
Time restrictions	357,079	610,400
Board-designated Endowment Funds	2,685,858	3,678,661
Board-designated Operating Reserve Fund	<u>250,000</u>	<u>250,000</u>
Financial assets available within one year of statement of financial position date for general expenditure	<u>\$ (972,273)</u>	<u>\$ (171,725)</u>

In addition to financial assets available to meet general expenditures over the year, the Organization expects to cover its general expenditures by collecting revenue from new contributions, grants and program fees. Additionally, the Organization does not intend to spend from the board designated endowment funds (other than amounts appropriated for designated purposes); however, these amounts could be made available if necessary.

NOTE 4 - CONDITIONAL PROMISES TO GIVE

The Organization receives conditional funding from various government grants. This funding is recognized as the Organization meets the donor-imposed conditions, which generally represent incurring allowable costs related to the specific grants or expending the grant funds within the specified time period. The Organization has \$100,000 and \$0 of unrecognized conditional promises to give at July 31, 2025 and 2024.

ATLANTA MUSIC PROJECT, INC.**NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PROMISES TO GIVE

Promises to give is comprised of contributions from four donors in 2025 and five donors in 2024 to cover scholarships, fund endowments and general operations.

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 288,333	\$ 1,130,833
Due in one to four years	<u>85,000</u>	<u>373,333</u>
	373,333	1,504,166
Less discount to net present value	<u>(16,254)</u>	<u>(97,879)</u>
	<u>\$ 357,079</u>	<u>\$ 1,406,287</u>

The discount rates for promises to give at July 31, 2025 range from 3.64% to 5.42% and the present value has been computed using these rates. The discount rates for promises to give at July 30, 2024 range from 3.64% to 5.34% and the present value has been computed using these rates.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

	<u>2025</u>	<u>2024</u>
Musical performance staging and equipment	\$ 615,768	\$ 615,768
Musical instruments	434,880	434,880
Musical instruments, spares not in service	363,287	175,582
Leasehold improvements	1,070,747	1,070,747
Furniture and fixtures	78,006	78,006
Computer equipment	10,381	10,381
Vehicles	<u>99,891</u>	<u>99,891</u>
Total cost	2,672,960	2,485,255
Less accumulated depreciation	<u>985,831</u>	<u>828,303</u>
	<u>\$ 1,687,129</u>	<u>\$ 1,656,952</u>

Depreciation expense was \$157,528 and \$153,443 for the years 2025 and 2024.

NOTE 7 - LEASING ACTIVITIES

The Organization has a non-cancelable operating lease for its building. The lease had an original term through May 2023 with an option to extend for two 4-year terms at stated rates. Management intends to remain in the building through May 2031. In addition management has the right of first offer to purchase the property and right of first refusal to purchase the property in the event of a bona fide third party offer.

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASING ACTIVITIES - CONTINUED

The following summarizes the weighted average remaining lease term and discount rate as of July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term		
Operating leases	5.83 years	6.83 years
Weighted Average Discount Rate		
Operating leases	2.62%	2.62%

The maturities of lease liabilities for the fiscal year ended July 31, 2025 were as follows:

Years Ending:	
2026	\$ 87,900
2027	89,150
2028	95,400
2029	95,400
2030	95,400
Thereafter	<u>79,500</u>
Total lease payments	542,750
Less imputed interest	<u>(39,467)</u>
Total lease liabilities	<u>\$ 503,283</u>

The following summarizes the components of lease expense included in occupancy in the statements of functional expenses for the years ended July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease costs allocated in statements of functional expenses:		
Operating lease costs	\$ 90,589	\$ 90,589
Short-term lease costs	<u>20,377</u>	<u>43,986</u>
Total operating lease costs	<u>\$ 110,966</u>	<u>\$ 134,575</u>

The following summarizes cash flow information related to leases for the years ended July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 87,900	\$ 87,900

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FAIR VALUE MEASUREMENTS

The fair value of the Organization's assets measured on a recurring basis at July 31, 2025 and 2024 are as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 4,368	\$ -	\$ -	\$ 4,368
Money market fund	481,879	-	-	481,879
Mutual funds - fixed income	2,125,502	-	-	2,125,502
Mutual funds - equities	17,884	-	-	17,884
Exchange traded funds	<u>56,225</u>	<u>-</u>	<u>-</u>	<u>56,225</u>
Total	<u>\$ 2,685,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,685,858</u>

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 25,344	\$ -	\$ -	\$ 25,344
Money market fund	573,706	-	-	573,706
Equities	54,374	-	-	54,374
Mutual funds - bonds	2,411,117	-	-	2,411,117
Mutual funds - equities	92,283	-	-	92,283
Exchange traded funds	<u>521,837</u>	<u>-</u>	<u>-</u>	<u>521,837</u>
Total	<u>\$ 3,678,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,678,661</u>

The Organization's assets carried at fair value are classified and disclosed in one of the following categories:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets.

Level 2 - Valuations are based on observable market information, including quoted prices from actual market transactions for similar assets in markets that are not active. The Organization has no Level 2 assets at July 31, 2025 and 2024.

Level 3 - Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about the assumptions market participants would use in pricing the investments. The Organization has no Level 3 assets at July 31, 2025 and 2024.

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - NET ASSETS

The detail of the Organization's net asset categories at July 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Undesignated	\$ 1,123,753	\$ 1,378,250
Designated for the following purposes:		
AMP Endowment	194,849	1,056,989
Travel Endowment	1,901,216	2,008,527
Maintenance Endowment	589,793	613,145
Operating reserve	<u>250,000</u>	<u>250,000</u>
Total designated	<u>2,935,858</u>	<u>3,928,661</u>
With donor restrictions for the following purposes:		
Scholarship fund	75,364	293,601
College/career counselor	-	66,736
Website	200,000	-
Classroom materials/teaching artist/training	-	146,856
Funding for endowments	-	355,296
Purchase of musical instruments	89,830	543,232
General operating (time restriction)	<u>357,079</u>	<u>610,400</u>
Total subject to expenditure	<u>722,273</u>	<u>2,016,121</u>
Total net assets	<u>\$ 4,781,884</u>	<u>\$ 7,323,032</u>

Net assets were released from donor restrictions by incurring expenses, funding the AMP Endowment fund and satisfying the restricted purposes as follows for the years ended July 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose and time restrictions:		
AMP scholarship fund	\$ 233,300	\$ 190,312
College/career counselor	70,437	12,063
AMP Academy	36,500	-
Classroom materials/teaching artists/training	155,000	155,000
Youth orchestras	40,250	10,000
After school band and orchestras	-	96,300
Beginner level programs	25,000	-
AMP summer series	14,040	110,745
Fulton County students	-	66,000
Preparatory school	14,000	25,000
Funding for endowments	375,000	2,875,000
Purchase of musical instruments	453,403	456,768
General school programs	45,000	-
General operating (time restriction)	<u>288,246</u>	<u>223,333</u>
	<u>\$ 1,750,176</u>	<u>\$ 4,220,521</u>

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT

The Organization's endowments consist of funds designated by the board for various long-term purposes. The net assets associated with the funds included in the endowments are reported as net assets without donor restrictions in the accompanying financial statements.

Endowment net assets consist of the following as of July 31, 2025:

	2025		
	Without Donor Restrictions	With Donor Restrictions Purpose	Total
AMP Endowment	\$ 194,849	\$ -	\$ 194,849
Travel Endowment	1,901,216	-	1,901,216
Maintenance Endowment	<u>589,793</u>	-	<u>589,793</u>
Total	<u>\$ 2,685,858</u>	<u>\$ -</u>	<u>\$ 2,685,858</u>

Changes in endowment net assets consist of the following for 2025:

	2025		
	Without Donor Restrictions	With Donor Restrictions Purpose	Total
Endowment net assets, July 31, 2024	\$ 3,678,661	\$ -	\$ 3,678,661
Investment Income:			
Investment Income	172,746	-	172,746
Net realized/unrealized gains	<u>41,840</u>	-	<u>41,840</u>
Total	214,586	-	214,586
Contributions	640,676	-	640,676
Appropriation of endowment assets for expenditure	<u>(1,848,065)</u>	-	<u>(1,848,065)</u>
Total change in endowment funds	<u>(992,803)</u>	-	<u>(992,803)</u>
Endowment net assets, July 31, 2025	<u>\$ 2,685,858</u>	<u>\$ -</u>	<u>\$ 2,685,858</u>

Endowment net assets consist of the following as of July 31, 2024:

	2024		
	Without Donor Restrictions	With Donor Restrictions Purpose	Total
AMP Endowment	\$ 1,056,989	\$ -	\$ 1,056,989
Travel Endowment	2,008,527	-	2,008,527
Maintenance Endowment	<u>613,145</u>	-	<u>613,145</u>
Total	<u>\$ 3,678,661</u>	<u>\$ -</u>	<u>\$ 3,678,661</u>

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT - CONTINUED

Changes in endowment net assets consist of the following for 2024:

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Purpose</u>	<u>Total</u>
Endowment net assets, July 31, 2023	\$ 1,093,403	\$ -	\$ 1,093,403
Investment income			
Investment income	146,992	-	146,992
Net realized/unrealized gains	127,416	-	127,416
Total	274,408	-	274,408
Contributions	2,825,000	-	2,825,000
Appropriation of endowment assets for expenditure	(514,150)	-	(514,150)
Total change in endowment funds	2,585,258	-	2,585,258
Endowment net assets, July 31, 2024	\$ 3,678,661	\$ -	\$ 3,678,661

Investment and Spending Policy

The Organization has investment and spending policies for endowment assets that aim to maximize funds available for the Organization's mission and preservation of capital. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

NOTE 11 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

	<u>2025</u>	<u>2024</u>
Musical instruments	\$ 13,475	\$ 4,575
Class materials	750	-
Professional services	87,815	-
	<u>\$ 102,040</u>	<u>\$ 4,575</u>

Musical instruments are used by the Organization's students for practice and musical performances, and are valued based on the estimated current market price on the date of the donation.

Class materials are used by the Organization for educational programs and instruction, and are valued based on the estimated current market price on the date of the donation.

Professional services consist of professional hours donated in connection with legal and conceptual design architectural services in connection with preparation for a new AMP Campus, and are valued based on the estimated current market price of the services received at the date of donation.

ATLANTA MUSIC PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RETIREMENT PLAN

The Organization participates in a pooled 401K plan that was established by Paychex Retirement LLC. The Organization makes qualified automatic safe harbor matching contribution equal to 100% of an employee's elective contributions for the plan year that do not exceed 1% of the employee's compensation for such plan year, plus 50% of an employee's elective contributions for the plan year that exceed 1% but do not exceed 6% of the employee's compensation for such plan year. For the years 2025 and 2024, the Organization contributed \$50,414 and \$43,647 to the plan.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the Organization identified an error in the previously issued financial statements related to a three-year promise to give received from a foundation. As a result, foundation grant revenue and net assets with donor restrictions (time restriction) for the fiscal year ended July 31, 2024 were understated by \$272,888.

The effect of the restatement on the statement of financial position and statement of activities as of July 31, 2024 is as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Selected Statement of Financial Position:		
Current portion of promises to give	\$ 980,833	\$ 1,130,833
Long-term promises to give, net of current portion	152,566	275,454
Net assets with donor restrictions (time restriction)	337,512	610,400
Selected Statement of Activities:		
Foundation grants	\$ 5,063,725	\$ 5,336,613
Change in net assets	2,539,975	2,812,863
Selected Statement of Cash Flows:		
Change in net assets	\$ 2,539,975	\$ 2,812,863
Promises to give, net	(364,817)	(637,705)