

HARMONY PROGRAM

FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

DRAFT

# HARMONY PROGRAM

## CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1 – 2
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses .....	6 – 7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9 – 20

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Harmony Program  
New York, New York

### **Opinion**

We have audited the accompanying financial statements of Harmony Program (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Harmony Program as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Prior Period Financial Statements**

The financial statements of Harmony Program as of and for the year ended June 30, 2023, were audited by other auditors, whose report dated May 15, 2024, expressed an unmodified opinion on those statements.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harmony Program'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**

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 auditor's 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 Harmony Program'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 Harmony Program'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.

Woodbridge, Connecticut

XXX, 2025

HARMONY PROGRAM

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

ASSETS		2024	2023
Current Assets			
Cash and Cash Equivalents	\$	2,978,471	\$ 1,480,013
Accounts Receivable, Net		248,940	141,873
Current Portion of Contributions Receivable		285,905	231,933
Other Receivables		-	33,058
Prepaid Expenses		-	621
Total Current Assets		3,513,316	1,887,498
Contributions Receivable, Net of Current Portion		-	30,000
Property and Equipment, Net		15,428	19,038
Security Deposits		55,449	6,769
Operating Lease Right-of-Use Asset, Net		622,479	-
Total Assets	\$	4,206,672	\$ 1,943,305
LIABILITIES AND NET ASSETS			
		2024	2023
Current Liabilities			
Accounts Payable and Accrued Expenses	\$	75,458	\$ 81,253
Compensated Absences		34,960	34,960
Operating Lease Liability		109,098	-
Total Current Liabilities		219,516	116,213
Long-term Liabilities			
Operating Lease Liability, Net of Current Portion		526,102	-
Net Assets			
Without Donor Restriction		1,590,156	1,750,767
With Donor Restriction		1,870,898	76,325
Total Net Assets		3,461,054	1,827,092
Total Liabilities and Net Assets	\$	4,206,672	\$ 1,943,305

See accompanying notes to financial statements  
Exhibit: A - Page 3

# HARMONY PROGRAM

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenue and Support			
Contributions	\$ 290,169	\$ -	\$ 290,169
Contributed Non-Financial Assets	1,102	-	1,102
Grants	500,065	2,050,000	2,550,065
Partner Fees	957,928	-	957,928
Government Support	213,130	-	213,130
Interest Income	39,512	-	39,512
Campaign Special Events Revenues	454,394	-	454,394
Less: Cost of Direct of Benefit to Donors	(79,188)	-	(79,188)
Net Assets Released From Restrictions	255,427	(255,427)	-
Total Revenue and Support	2,632,539	1,794,573	4,427,112
Functional Expenses			
Program	2,023,770	-	2,023,770
Management and General	618,175	-	618,175
Fundraising and Development	151,205	-	151,205
Total Functional Expenses	2,793,150	-	2,793,150
Changes in Net Assets	(160,611)	1,794,573	1,633,962
Net Assets - Beginning of Year	1,750,767	76,325	1,827,092
Net Assets - End of Year	\$ 1,590,156	\$ 1,870,898	\$ 3,461,054

# HARMONY PROGRAM

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenue and Support			
Contributions	\$ 357,425	\$ -	\$ 357,425
Contributed Non-Financial Assets	12,000	-	12,000
Grants	634,978	85,000	719,978
Partner Fees	242,654	-	242,654
Government Support	220,280	-	220,280
Interest	4,743	-	4,743
Campaign Special Events Revenues	476,376	-	476,376
Less: Cost of Direct of Benefit to Donors	(50,911)	-	(50,911)
Net Assets Released From Restrictions	124,472	(124,472)	-
Total Revenue and Support	2,022,017	(39,472)	1,982,545
Functional Expenses			
Program	1,336,392	-	1,336,392
Management and General	243,200	-	243,200
Fundraising and Development	460,441	-	460,441
Total Functional Expenses	2,040,033	-	2,040,033
Changes in Net Assets	(18,016)	(39,472)	(57,488)
Net Assets - Beginning of Year	1,768,783	115,797	1,884,580
Net Assets - End of Year	\$ 1,750,767	\$ 76,325	\$ 1,827,092

HARMONY PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

		Supporting Activities			
	Program Services	Management and General	Fundraising and Development	Total	Total Functional Expenses
Salaries	\$ 1,596,791	\$ 278,931	\$ 69,733	\$ 348,664	\$ 1,945,455
Fringe Benefits	159,716	72,988	-	72,988	232,704
Total Salaries and Related Expenses	1,756,507	351,919	69,733	421,652	2,178,159
Administrative Fees	160,067	181,330	45,043	226,373	386,440
Advertising	18,990	18,990	25,318	44,308	63,298
Event Expenses	-	-	47,452	47,452	47,452
Travel	34,659	-	9,022	9,022	43,681
Professional Fees	-	31,711	3,523	35,234	35,234
Music Supplies	30,900	-	-	-	30,900
Consulting Fees	-	-	30,000	30,000	30,000
Bookkeeping Fees	-	19,875	-	19,875	19,875
Bad Debt Expense	-	12,794	-	12,794	12,794
Workshop Training	11,714	-	-	-	11,714
Scholarship	4,871	-	-	-	4,871
Meals and Entertainment	3,271	737	302	1,039	4,310
Depreciation	2,791	819	-	819	3,610
Total Expenses	2,023,770	618,175	230,393	848,568	2,872,338
Less: Direct Benefits to Donors Recorded on the Statement of Activities	-	-	(79,188)	(79,188)	(79,188)
Total Functional Expenses	<u>\$ 2,023,770</u>	<u>\$ 618,175</u>	<u>\$ 151,205</u>	<u>\$ 769,380</u>	<u>\$ 2,793,150</u>

HARMONY PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Supporting Activities				Total Functional Expenses
	Program Services	Management and General	Fundraising and Development	Total	
Salaries	\$ 875,180	\$ 128,000	\$ 228,396	\$ 356,396	\$ 1,231,576
Fringe Benefits	143,211	20,945	37,374	58,319	201,530
Total Salaries and Related Expenses	1,018,391	148,945	265,770	414,715	1,433,106
Administrative Fees	140,836	31,384	113,278	144,662	285,498
Professional Fees	-	31,380	24,060	55,440	55,440
Event Expenses	-	-	54,653	54,653	54,653
Music Supplies	46,865	-	-	-	46,865
Consulting Fees	9,291	-	37,166	37,166	46,457
Workshop Training	36,446	-	-	-	36,446
Scholarship	32,704	-	-	-	32,704
Travel	25,846	-	-	-	25,846
Bookkeeping Fees	-	18,600	-	18,600	18,600
Credit Card Processing Fees	-	-	12,831	12,831	12,831
Storage	8,609	-	-	-	8,609
Performance Fees and Expenses	8,259	-	-	-	8,259
Depreciation	5,787	1,700	-	1,700	7,487
Advertising	-	7,854	1,959	9,813	9,813
Meals and Entertainment	3,358	3,337	1,385	4,722	8,080
Bad Debt Expense	-	-	250	250	250
Total Expenses	1,336,392	243,200	511,352	754,552	2,090,944
Less: Direct Benefits to Donors Recorded on the Statement of Activities	-	-	(50,911)	(50,911)	(50,911)
Total Functional Expenses	\$ 1,336,392	\$ 243,200	\$ 460,441	\$ 703,641	\$ 2,040,033

# HARMONY PROGRAM

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,633,962	\$ (57,488)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Bad Debt Expense	12,794	250
Depreciation	3,610	7,487
Non Cash Lease Expense	7,973	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(119,861)	123,301
Contributions Receivable	(23,972)	(179,333)
Other Receivables	33,058	12,495
Prepaid Expenses	621	(621)
Security Deposits	(48,680)	-
Accounts Payable and Accrued Liabilities	(5,795)	11,217
Compensated Absences	-	(733)
Operating Lease Liability	4,748	-
Net Cash Provided By (Used In) Operating Activities	1,498,458	(83,425)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	-	(10,328)
Purchases of Capitalized Software	-	(8,500)
Net Cash Used in Investing Activities	-	(18,828)
Net Increase (Decrease) in Cash and Cash Equivalents	1,498,458	(102,253)
Cash and Cash Equivalents - Beginning of Year	1,480,013	1,582,266
Cash and Cash Equivalents - End of Year	\$ 2,978,471	\$ 1,480,013

See accompanying notes to financial statements

Exhibit: D - Page 8

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 1 – NATURE OF OPERATIONS

At Harmony Program, (the “Organization”) music changes lives every day. Through collective music making, children from under-served communities explore new avenues and realize their full potential. Harmony Program’s specially trained teachers guide students from beginner group instruction to orchestral performance, building life skills and community from a shared love of music.

Harmony Program partners with schools and community centers to create intensive after-school programs that teach children to read music, play orchestral instruments, and perform in ensembles. Harmony Program’s instruction follows an established curriculum, and regularly assesses and evaluates all of its programs to ensure high-quality learning experiences for all.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) under Accounting Standards Codification (“ASC”) 958-205. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities into two groups: net assets with donor restrictions and net assets without donor restrictions.

*Without donor restrictions* – Net assets available for use in general operations and not subject to specific donor or certain grantor restrictions.

*With donor restrictions* – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be held in perpetuity by the Organization, and earnings from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

*Contributions, Grants, and Government Support*

The Organization reports gifts of cash and other assets as net assets without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets, in which case they are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the gift is received, the Organization reports the support as net assets without donor restrictions.

Contributions received, including unconditional promises to give, are recognized as revenue in the period received. Government grants and contracts and contributions are nonexchange transactions and accounted for under FASB Accounting Standards Update “(ASU)” No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return/release from obligation.

*Contributed Non-Financial Assets*

Contributed non-financial assets are not recognized unless the donated services create or enhance non-financial assets or require specialized skills that would typically be purchased if not donated. Contributed non-financial assets are measured at the fair value of the asset transferred to the Organization or the liability cancelled or settled. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

*Partner Fees*

The Organization receives revenue from contracted services with schools and other partner organizations (partner fees) which are accounted for under FASB ASU No. 2014-09 (“ASU 2014-09”). Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted services. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year, therefore there are no performance obligations or contract balances that are unsatisfied as of June 30, 2024 and 2023.

Partner fees amounted to \$957,928 and \$242,654 for the years ended June 30, 2024 and 2023, respectively.

Contract assets primarily relate to the Organization's claim for consideration resulting from services provided. Contract assets are reclassified to accounts receivable upon invoicing. Accounts receivable as of June 30, 2024, 2023 and 2022, are as follows:

	2024	2023	2022
Accounts receivable	\$ 248,940	\$ 141,873	\$ 265,424

*Special events and other income*

Special event revenue is derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when the event occurs.

All other revenue is recognized as earned.

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to significant withdrawal restrictions or penalties, and all highly liquid debt instruments acquired with maturities of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2024 and 2023.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Effective July 1, 2023, the Organization maintains an allowance for credit losses and changes in it are included in bad debt in the statements of functional expenses. The Organization assesses collectibility by reviewing receivables on a collective basis where similar characteristics exist. In determining the amount of the allowance for credit losses, management considers historical collectibility and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for credit losses accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. Prior to July 1, 2023, under prior accounting rules, the Organization evaluated the following factors when determining the collectibility of specific client receivables: the payor and its creditworthiness, past transaction history with the payor, current economic industry trends and changes in payor payment terms.

The allowance for credit losses was \$8,764 and \$-0- as of June 30, 2024 and 2023.

Use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. There was no unrelated business income for the years ended June 30, 2024 and 2023.

The Organization believes that it has no uncertain income tax positions of June 30, 2024 and 2023, in accordance with ASC Topic 740 - *Income Taxes*, which provides standards for establishing and classifying any tax provisions for any uncertain tax positions.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that are consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, employee benefits and payroll taxes, which are based on time and effort within each functional area. Postage and shipping, printing and publications, and bank charges are based on expenses tracked by account across functions. Supplies, office and computer expenses and telephone are based on staff usage.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line method based on the estimated useful life of the assets, which is four to five years for instruments and equipment. Repairs and maintenance costs are expensed as incurred.

The Organization's capitalize software includes development costs for website design. Amounts recorded as capitalized software were \$8,500 as of both June 30, 2024 and 2023.

Lease Commitments

The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized in the statements of financial position.

The lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization's lease contains fixed and determinable escalation clauses for which the Organization recognizes rental expense under the lease on the straight-line basis over the lease term, which includes the period of time from when the Organization takes possession of the leased space. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Impairment of long-lived assets

The Organization evaluates long-lived assets, including right-of-use assets, held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Organization did not record any impairment losses during the years ended June 30, 2024 and 2023.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2024 and 2023, totaled \$63,298 and \$9,813, respectively.

Recently adopted accounting pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326) ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization adopted ASC 326 using the modified retrospective method as of July 1, 2023, and it did not have a material impact on the financial statements and related disclosures as of and for the year ended June 30, 2024.

Reclassifications

Certain 2023 amounts have been reclassified to conform with current year presentation.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of instructional and student activities as well as services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, the Organization's financial assets were as follows:

	2024	2023
Cash and Cash Equivalents	\$ 2,978,471	\$ 1,480,013
Accounts Receivable, Net	248,940	141,873
Contributions Receivable	285,905	261,933
Other Receivables	-	33,058
Subtotal Financial Assets at Year End	3,513,316	1,916,877
Less: Amounts with Limits on Usage: Restricted for Time and Purpose	(1,870,898)	(76,325)
Total Financial Assets Available for General Use within One Year	<u>\$ 1,642,418</u>	<u>\$ 1,840,552</u>

NOTE 4 – CONTRIBUTIONS AND OTHER RECEIVABLES

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions receivable are recorded after being discounted to the anticipated net present value of the future cash flows. As of June 30, 2024, all contributions receivable are expected to be collected within one year, therefore, no discount has been applied. As of June 30, 2023, contributions receivable were discounted at 3.6%. Amortization of the discount was recorded as additional contribution revenue.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 4 – CONTRIBUTIONS AND OTHER RECEIVABLES (CONTINUED)

Contributions Receivable Expected  
to be Collected in:

	2024	2023
Less Than One Year	\$ 285,905	\$ 235,000
One to Five Years	-	30,000
Subtotal	285,905	265,000
Less: present value discount (at 3.6%)	-	(3,067)
Contributions Receivable, Net	<u>\$ 285,905</u>	<u>\$ 261,933</u>

Other receivables represented money due from the pension administrator due to overfunding of the retirement plan. The funds were received in April 2024. At June 30, 2023, the Organization was due \$33,058.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at June 30:

	2024	2023
Instruments	\$ 78,404	\$ 78,404
Software	8,500	8,500
Equipment	14,353	14,353
	101,257	101,257
Less: accumulated depreciation	(85,829)	(82,219)
Total Property and Equipment, net	<u>\$ 15,428</u>	<u>\$ 19,038</u>

Depreciation was \$3,610 and \$7,487 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 – COMPENSATED ABSENCES

Annual leave and other compensated absences with similar characteristics are accrued as a liability when the benefits are earned by the employee. These compensated absences were \$34,960 and \$34,960 as of June 30, 2024 and 2023, respectively.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 7 – CONCENTRATIONS

Concentrations of Credit Risk

The Organization maintain cash balances primarily in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per deposit, per insured financial institution.

Major Donor

For the years ended June 30, 2024 and 2023, contributions from one donor represented approximately 44% and 13%, respectively, of total revenue and support.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time Restricted to Support the General Operations	\$ 1,870,898	\$ 60,000
Purpose Restricted Net Assets for Orchestra Day in the Bronx	<u>-</u>	<u>16,325</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,870,898</u>	<u>\$ 76,325</u>

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions and disbursed during the year ended June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Time Restricted to Support the General Operations	\$ 239,102	\$ 25,000
Purpose Restricted Net Assets for Orchestra Day in the Bronx	16,325	8,675
Purpose Restricted Net Assets for Afterschool and Music Programs	<u>-</u>	<u>90,797</u>
Total net assets released from restrictions	<u>\$ 255,427</u>	<u>\$ 124,472</u>

NOTE 9 – LEASES

The Organization entered into a short-term lease agreement in January 2023 for shared office space located at 156 W 56th Street, New York, New York. The lease term was 12 months, running from March 1, 2023 through February 29, 2024. The lease was subsequently renewed for a short-term period of three months, commencing on March 1, 2024 and ending on May 31, 2024. Rent and other occupancy costs, which include offsite physical storage of records, digital storage, telephone and IT support was \$158,668 and \$162,185 for the years ended June 30, 2024 and 2023, respectively.

In April 2024, the Organization entered into a new operating lease agreement with West 54<sup>th</sup> Street LLC for office space. The lease has a term of five years, commencing on May 29, 2024 and expiring on May 29, 2029. Under the terms of the lease, the Organization is granted a rent concession that is applied to the first month of each lease year, effectively reducing the total rent expense over the term of the lease. Total operating expense, for the year ended June 30, 2024, was \$12,721. The weighted average lease term is 5 years.

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 9 – LEASES (CONTINUED)

Future minimum payments under the operating maturity of operating lease liability as of June 30, 2024, are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2025	\$ 134,750
2026	138,119
2027	141,572
2028	145,111
2029	148,738
Total	708,290
Less: Interest	(73,090)
Present Value of Lease Liability	635,200
Less: Current Portion	(109,098)
Lease Liability, Net of Current Portion	<u>\$ 526,102</u>

A summary of the Organization's lease costs for operating leases as of June 30, 2024 and 2023 is as follows:

Lease Cost:	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 12,721	\$ -
Short-term Lease Cost	158,668	162,185
Variable Lease Cost	-	-
Total lease cost	<u>\$ 171,389</u>	<u>\$ 162,185</u>

Other information related to the Organization's finance and operating leases as of June 30, 2024 and 2023, is as follows:

Operating Leases - Other Information	<u>2024</u>	<u>2023</u>
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 630,452	\$ -
Weighted-average Remaining Lease Term	5 years	-
Weighted-average Discount Rate	4.51%	-

HARMONY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 10 – CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended June 30, 2024 and 2023, contributed non-financial assets recognized within the statement of activities and change in net assets included the professional services and amounted to \$1,102 and \$12,000, respectively.

The Organization was provided services to assist with information technology needs, including analysis of systems and applications. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar IT and computer-related services.

All non-financial assets received by the Organization for the years ended June 30, 2024 and 2023, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of statement of financial position through XXXX, 2025, the date the financial statements were available to be issued.