

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Financial Statements and
Independent Auditors' Report

June 30, 2025
(With comparable totals for 2024)

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Independent Auditors' Report

To the Board of Directors of
Rosie's House: A Music Academy for Children, Inc.
Mesa, Arizona

Opinion

We have audited the accompanying financial statements of Rosie's House: A Music Academy for Children, Inc. (the Organization, an Arizona nonprofit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for 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 the Organization as of June 30, 2025, 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 the Organization 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fester & Chapman, PLLC

October 22, 2025

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Statement of Financial Position

June 30, 2025

(With comparative financial information as of June 30, 2024)

	2025	2024
ASSETS		
Current assets:		
Cash	\$ 2,347,693	\$ 3,864,148
Certificates of deposit	772,658	262,721
Contributions receivable, current portion	234,288	601,992
Prepaid expenses	37,696	24,892
Total current assets	3,392,335	4,753,753
Long-term investments	1,615,774	-
Contributions receivable, noncurrent portion, net	11,067	186,277
Property and equipment, net	4,338,427	4,372,895
Total assets	<u>\$ 9,357,603</u>	<u>\$ 9,312,925</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 11,151	\$ 5,363
Accrued expenses	82,706	72,999
Refundable advances	91,585	35,402
Note payable, current portion	26,451	35,505
Total current liabilities	211,893	149,269
Note payable, noncurrent, net	2,430,021	2,444,826
Total liabilities	2,641,914	2,594,095
Net assets:		
Without donor restrictions	6,320,043	5,895,561
With donor restrictions	395,646	823,269
Total net assets	6,715,689	6,718,830
Total liabilities and net assets	<u>\$ 9,357,603</u>	<u>\$ 9,312,925</u>

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

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Statement of Activities

Year ended June 30, 2025

(With comparative financial information for the year ended June 30, 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024
Public support and revenue:				
Contributions	\$ 631,107	\$ 245,000	\$ 876,107	\$ 1,478,327
Foundation grants	739,070	-	739,070	874,667
Government grants	61,550	-	61,550	139,792
Special events, net of costs of direct donor benefits of \$181,824 and \$136,142, respectively	184,450	-	184,450	123,277
In-kind contributions	138,010	-	138,010	106,845
Interest income	132,952	-	132,952	115,537
Other revenue	6,297	-	6,297	16,311
Net assets released from restrictions	<u>672,623</u>	<u>(672,623)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	2,566,059	(427,623)	2,138,436	2,854,756
Expenses:				
Program services	1,480,083	-	1,480,083	1,464,546
Management and general	388,948	-	388,948	240,058
Fundraising	<u>272,546</u>	<u>-</u>	<u>272,546</u>	<u>253,844</u>
Total expenses	<u>2,141,577</u>	<u>-</u>	<u>2,141,577</u>	<u>1,958,448</u>
Change in net assets, before loss on asset disposal	424,482	(427,623)	(3,141)	896,308
Loss on asset disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,329)</u>
Change in net assets	424,482	(427,623)	(3,141)	882,979
Net assets, beginning of year	<u>5,895,561</u>	<u>823,269</u>	<u>6,718,830</u>	<u>5,835,851</u>
Net assets, end of year	<u>\$ 6,320,043</u>	<u>\$ 395,646</u>	<u>\$6,715,689</u>	<u>\$ 6,718,830</u>

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

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Statement of Functional Expenses

Year ended June 30, 2025

(With comparative financial information for the year ended June 30, 2024)

		Supporting Services		Direct Donor	Total	2024
	Program Services	Management and General	Fundraising	Benefit		
Salaries	\$ 804,953	\$ 102,232	\$ 174,154	\$ -	\$ 1,081,339	\$ 863,959
Benefits	61,145	33,219	11,650	-	106,014	73,274
Payroll taxes	62,201	7,045	13,323	-	82,569	66,573
Professional fees	52,245	19,639	2,377	-	74,261	148,395
Supplies	30,545	2,126	377	-	33,048	76,162
Office expenses	-	330	-	-	330	12,721
Telephone	13,151	3,757	1,879	-	18,787	5,832
Conferences, conventions and meetings	308	1,046	23	-	1,377	774
Dues and subscriptions	2,272	813	1,223	-	4,308	8,922
Travel	498	174	40	-	712	1,271
Depreciation	83,328	24,093	11,904	-	119,325	154,452
Occupancy	74,178	1,021	444	-	75,643	233,946
Repairs and maintenance	12,108	-	1,217	-	13,325	9,860
Postage and shipping	4,805	2,083	844	-	7,732	8,340
Printing	20,929	5,956	8,139	-	35,024	29,692
Insurance	17,554	4,616	2,908	-	25,078	20,077
Bank fees	-	1,496	15,204	-	16,700	12,214
Utilities	17,679	5,005	2,526	-	25,210	21,794
Marketing and public relations	30,683	8,767	4,883	-	44,333	34,494
Fundraising	187	39	2,038	-	2,264	63,481
Miscellaneous	60,936	19,283	8,856	-	89,075	46,722
Interest expense	59,757	146,208	8,537	-	214,502	35,638
In-kind expenses	70,621	-	-	-	70,621	29,855
Special events - direct donor benefit						
Gala	-	-	-	95,349	95,349	99,274
Gala non-cash	-	-	-	42,740	42,740	36,081
Other	-	-	-	43,735	43,735	787
Total	1,480,083	388,948	272,546	181,824	2,323,401	2,094,590
Less: expenses netted against revenue on the Statement of Activities:						
Special events - direct donor benefit	-	-	-	(181,824)	(181,824)	(136,142)
Total expenses	<u>\$ 1,480,083</u>	<u>\$ 388,948</u>	<u>\$ 272,546</u>	<u>\$ -</u>	<u>\$ 2,141,577</u>	<u>\$ 1,958,448</u>

The accompanying notes are an integral part of these financial statements

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Statement of Cash Flows

Year ended June 30, 2025

(With comparative financial information for the year ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,141)	\$ 882,979
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	119,325	154,452
Donated instruments capitalized	-	(24,009)
Loss on disposal of assets	-	13,329
Collections of capital campaign contributions	-	(550,000)
Changes in:		
Contributions receivable, net	542,914	791,719
Prepaid expenses	(12,804)	6,130
Accounts payable	5,788	(26,026)
Accrued expenses	9,707	24,599
Refundable advances	<u>56,183</u>	<u>35,402</u>
Net cash provided by operating activities	717,972	1,308,575
Cash flows from investing activities:		
Purchases of property and equipment	(84,857)	(1,603,168)
Purchase of investments	(1,615,774)	-
Purchases of certificates of deposit	<u>(509,937)</u>	<u>(6,765)</u>
Net cash used by investing activities	(2,210,568)	(1,609,933)
Cash flows from financing activities:		
Proceeds from capital campaign contributions	-	550,000
Principal payments on note payable	<u>(23,859)</u>	<u>(2,512)</u>
Net cash (used) provided by financing activities	<u>(23,859)</u>	<u>547,488</u>
Change in cash	(1,516,455)	246,130
Cash, beginning of the year	<u>3,864,148</u>	<u>3,618,018</u>
Cash, end of the year	<u><u>\$ 2,347,693</u></u>	<u><u>\$ 3,864,148</u></u>
<u>Supplemental disclosures:</u>		
Note payable obtained in exchange for building acquisition	\$ -	\$ 2,600,000
Cash paid for interest	\$ 214,502	\$ 35,638

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

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rosie's House: A Music Academy for Children, Inc. (Organization) is a private, nonprofit organization formed in 1996. The Organization was established to provide music education and enrichment to children and youth from low-income families in the Phoenix area. Each student is provided with a loaned instrument and receives cost-free, individualized music instruction by professional music educators. The Organization's music education program enables students to build confidence and self-esteem, to experience personal success, and to develop the social skills necessary to become a responsible and productive member of the community.

The significant accounting policies of the Organization are as follows:

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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.

Use of Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Certificates of Deposit: Certificates of deposit are recorded at cost, plus accrued interest, which approximates fair value.

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

Contributions Receivable: Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. Management determines the allowance for contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At June 30, 2025 and 2024, the Organization considers the balance to be fully collectible, and accordingly no allowance for uncollectible amounts has been recorded in the financial statements.

Property and Equipment: Purchased property and equipment of \$2,000 or greater are recorded at cost, or if donated, at estimated fair value at the date of gift. Depreciation is computed using the straight-line method based on estimated useful lives of the assets as follows:

Building	39 years
Instruments	5 - 15 years
Vehicles, furniture and equipment	3 - 10 years

Refundable Advances: Refundable advances are conditional contributions received prior to the Organization incurring qualifying expenses or meeting other donor-imposed conditions required for revenue recognition.

Loan Issuance Costs: Loan issuance costs are included as a contra-liability account netted with the related debt on the statement of financial position and amortized using a straight-line basis over the life of the loan. See Note 7.

Revenue and Revenue Recognition: Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special events revenue is recognized in an amount equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place.

Contributions are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

Contributions: Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. 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.

The use of donated property is recorded as contributions at the estimated fair value at the date of donation, and shown as revenues and expenses in the financial statements. Donated services are recorded when the following criteria are met:

- i) The services require specialized skills, the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated; or
- ii) The services enhance or create an asset.

Functional Expenses: The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of facility usage and the estimated percentage of payroll costs benefiting the program or supporting services. Payroll and related expenses are allocated based on estimates of time and effort devoted to each function. Depreciation and utilities are allocated based on square footage.

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Concentrations:

Credit Risk: The Organization maintains cash and certificates of deposit that are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). Balances may at times exceed insured or covered amounts. Management believes it is not exposed to any significant credit risk on cash and investment balances.

Revenue: During the year ended June 30, 2024, the Organization received approximately 47% of its contributions and grants from two sources, including a bequest. There were no significant concentrations of revenue during the year ended June 30, 2025.

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets that could readily be made available within one year of its fiscal year end to fund expenses without limitations:

Current financial assets:	<u>2025</u>	<u>2024</u>
Cash	\$ 2,347,693	\$ 3,864,148
Certificates of deposit	772,658	262,721
Contributions receivable, current portion	<u>234,288</u>	<u>601,992</u>
Total financial assets available for expenditure within one year	3,354,639	4,728,861
Less amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions, less current portion of pledges	<u>(161,358)</u>	<u>(221,277)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,193,281</u>	<u>\$ 4,507,584</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting contributions and other revenues.

NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET

The Organization's contributions receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Due in one year	\$ 234,288	601,992
Due in two to three years	<u>11,500</u>	<u>195,717</u>
	245,788	797,709
Discount to net present value (4.7% to 5.1%)	<u>(433)</u>	<u>(9,440)</u>
	<u>\$ 245,355</u>	<u>788,269</u>

At June 30, 2024, 54% of the Organization's contributions receivable were due from two donors.
At June 30, 2025, 59% of the Organization's contributions receivable was due from one donor.

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are unadjusted quoted market prices in active markets for similar or identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. At June 30 2025, the Organization did not have any financial instruments it valued based on Level 2 inputs.

Level 3 inputs are significant unobservable inputs for an asset or a liability. At June 30, 2025 the Organization did not have any financial instruments it valued based on Level 3 inputs.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Fixed-income: Valued at market value on the last tradable day of the fiscal year end, which is the basis for transactions at that date.

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS CONTINUED

The Organization's level 1 inputs at fair market value for the years ended June 30, 2025 are as follows:

	<u>2025</u>
Stocks and exchange traded funds	\$ 162,265
U.S. Treasury securities	<u>1,453,509</u>
Total investments	<u><u>\$ 1,615,774</u></u>

The Organization did not have investments valued using the fair value hierarchy at June 30, 2024.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building	\$ 3,400,000	\$ 3,400,000
Land	850,000	850,000
Constructions in progress	69,500	-
Instruments	248,231	248,231
Vehicles, furniture and equipment	<u>51,115</u>	<u>87,975</u>
	4,618,846	4,586,206
Less accumulated depreciation	<u>(280,419)</u>	<u>(213,311)</u>
Total property and equipment, net	<u><u>\$ 4,338,427</u></u>	<u><u>\$ 4,372,895</u></u>

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization received \$245,000 and \$591,667 in donor-restricted contributions, and released \$672,623 and \$4,505,546 for capital campaign receivables collected and other donor-restricted purposes during the years ended June 30, 2025 and 2024, respectively. Net assets with donor restrictions at June 30, consisted of the following:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 228,230	\$ 788,269
Purpose restrictions	<u>167,416</u>	<u>\$ 35,000</u>
	<u>\$ 395,646</u>	<u>\$ 823,269</u>

NOTE 7 - NOTE PAYABLE

In May 2024, the Organization entered into an agreement for a \$2.6 million note payable to a financial institution to purchase the building it formerly leased. The note is due in May 2034, secured by real property, with interest at 7.75% through 2029, adjusted to 3.42% plus the 5 Year Fixed-Rate Advance Rate as published by the federal Home Loan Bank of Des Moines through maturity. The Organization was in compliance with required restrictive debt covenants at June 30, 2025 and 2024.

Principal payments are due as follows for the years ending June 30:

2026	\$ 26,451
2027	41,526
2028	44,370
2029	47,597
2030	41,181
Thereafter	<u>2,348,932</u>
	2,550,057
Less: loan issuance costs	(93,585)
Less: current portion	<u>(26,451)</u>
	<u>\$ 2,430,021</u>

ROSIE'S HOUSE: A MUSIC ACADEMY FOR CHILDREN, INC.

Notes to Financial Statements

June 30, 2025

(With comparative financial information as of and for the year ended June 30, 2024)

NOTE 8 - IN-KIND CONTRIBUTIONS

In-kind support for the Organization is summarized as follows for the years ended June 30:

	Functional allocation	2025	2024
Donated instruments - capitalized	Programs	\$ -	\$ 24,009
Donated instruments - expensed	Programs	70,620	40,078
Professional services	Programs	62,943	3,370
Auction items	Fundraising	4,447	39,388
Total in-kind contributions		<u>\$ 138,010</u>	<u>\$ 106,845</u>

Donated instruments and auction items are valued based on estimated retail cost. Professional services are valued based on quotes provided by donors at pricing that would otherwise be charged to the public.

NOTE 9 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization has a 401(k) plan available to all employees, who can elect to participate in a tax-deferred plan or Roth plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. At the Organization's discretion, employer contributions can be given to employees who have completed at least 320 service hours during the plan year and were still employed at the end of the plan year. Plan expenses were \$22,978 and \$16,928 for the years ended June 30, 2025, and 2024, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 22, 2025, the date the Organization's financial statements were available to be issued. There were no subsequent events requiring accruals, or disclosures to these financial statements.