

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)**



**Financial Statements
(Together with Independent Auditors' Report)**

**Year Ended December 31, 2020 and
Three-Month Period Ended December 31, 2019**

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

**YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

CONTENTS

Page

Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Save The Music Foundation
(d/b/a MTV Save The Music Foundation
and VH1 Save The Music Foundation)

We have audited the accompanying financial statements of Save The Music Foundation (d/b/a MTV Save The Music Foundation and VH1 Save The Music Foundation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2020 and the three-month period ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save The Music Foundation (d/b/a MTV Save The Music Foundation and VH1 Save The Music Foundation) as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended December 31, 2020 and the three-month period ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
May 4, 2021

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019**

	12/31/20	12/31/19
ASSETS		
Cash and cash equivalents (Notes 2B and 10)	\$ 1,124,590	\$ 568,336
Contributions and grants receivable, net (Notes 2H, 2I and 4)	699,097	674,531
Accounts receivable and other assets (Note 2J)	64,201	72,751
Inventories, net (Note 2F)	9,394	19,822
Equipment, net (Notes 2D and 5)	5,417	27,083
TOTAL ASSETS	\$ 1,902,699	\$ 1,362,523
LIABILITIES		
Accounts payable and accrued expenses	\$ 156,941	\$ 110,595
Deferred revenue (Note 2K)	-	27,418
Due to MTV Networks (Notes 8)	-	188,042
TOTAL LIABILITIES	156,941	326,055
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2C)		
Without donor restrictions	694,158	(8,555)
With donor restrictions (Note 6)	1,051,600	1,045,023
TOTAL NET ASSETS	1,745,758	1,036,468
TOTAL LIABILITIES AND NET ASSETS	\$ 1,902,699	\$ 1,362,523

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)
STATEMENTS OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2019

	<u>Year Ended December 31, 2020</u>			<u>Three-Month Period Ended December 30, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
PUBLIC SUPPORT AND REVENUE:						
Public Support:						
Special events revenue	\$ 273,055	\$ -	\$ 273,055	\$ -	\$ -	\$ -
Less cost of direct benefit to donor (Note 2L)	(4,829)	-	(4,829)	-	-	-
Special events, net	268,226	-	268,226	-	-	-
Contributions and grants (Notes 8 and 9)	1,614,348	895,000	2,509,348	272,072	199,500	471,572
Donated musical instruments (Notes 2M and 8)	316,986	-	316,986	-	-	-
Donated goods and services (Notes 2M and 8)	1,272,205	-	1,272,205	200,291	-	200,291
Total Public Support	<u>3,471,765</u>	<u>895,000</u>	<u>4,366,765</u>	<u>472,363</u>	<u>199,500</u>	<u>671,863</u>
Revenue:						
Royalties (Note 2N)	1,383	-	1,383	31	-	31
Net assets released from restrictions (Notes 2C and 6)	888,423	(888,423)	-	77,777	(77,777)	-
Total Revenue	<u>889,806</u>	<u>(888,423)</u>	<u>1,383</u>	<u>77,808</u>	<u>(77,777)</u>	<u>31</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>4,361,571</u>	<u>6,577</u>	<u>4,368,148</u>	<u>550,171</u>	<u>121,723</u>	<u>671,894</u>
EXPENSES (NOTE 2G):						
Program services						
Musical education restoration (Note 2O)	2,489,988	-	2,489,988	288,874	-	288,874
Supporting services						
Management and general	296,381	-	296,381	103,601	-	103,601
Fundraising	872,489	-	872,489	228,681	-	228,681
TOTAL EXPENSES	<u>3,658,858</u>	<u>-</u>	<u>3,658,858</u>	<u>621,156</u>	<u>-</u>	<u>621,156</u>
CHANGE IN NET ASSETS	702,713	6,577	709,290	(70,985)	121,723	50,738
Net assets - beginning of year	(8,555)	1,045,023	1,036,468	62,430	923,300	985,730
NET ASSETS - END OF YEAR	<u>\$ 694,158</u>	<u>\$ 1,051,600</u>	<u>\$ 1,745,758</u>	<u>\$ (8,555)</u>	<u>\$ 1,045,023</u>	<u>\$ 1,036,468</u>

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

SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2019

	Year Ended December 31, 2020				Three-Month Period Ended December 30, 2019			
	Program Services	Supporting Services		Total 2020	Program Services	Supporting Services		Total 2019
		Management and General	Fundraising			Management and General	Fundraising	
Salaries and Related Costs:								
Salaries	\$ 344,574	\$ 11,216	\$ 420,503	\$ 776,293	\$ 98,238	\$ 6,350	\$ 111,578	\$ 216,166
Benefits and related payroll expenses	<u>81,438</u>	<u>2,634</u>	<u>103,462</u>	<u>187,534</u>	<u>22,174</u>	<u>1,412</u>	<u>25,905</u>	<u>49,491</u>
Total Salaries and Related Costs (Notes 7 and 8)	426,012	13,850	523,965	963,827	120,412	7,762	137,483	265,657
Musical instrument grants (Note 2O)	1,562,716	-	-	1,562,716	33,416	-	-	33,416
Donated professional services and office expenses (Notes 2M and 8)	193,324	154,414	258,381	606,119	71,581	42,246	72,149	185,976
Professional services	21,387	126,260	32,219	179,866	1,035	52,263	3,013	56,311
Travel and meetings	180	748	-	928	-	1,330	10	1,340
Office expenses	2,211	1,109	3,820	7,140	1,396	-	1,737	3,133
Special events production costs and related expenses	-	-	7,936	7,936	-	-	-	-
Website expense	20,740	-	28,876	49,616	4,009	-	6,527	10,536
Marketing and promotion	400	-	9,673	10,073	104	-	3,043	3,147
Delivery and advocacy events	252,185	-	-	252,185	54,213	-	-	54,213
Depreciation (Notes 2D and 5)	10,833	-	10,833	21,666	2,708	-	2,709	5,417
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,615</u>	<u>1,615</u>	<u>-</u>	<u>-</u>	<u>2,010</u>	<u>2,010</u>
Subtotal	2,489,988	296,381	877,318	3,663,687	288,874	103,601	228,681	621,156
Less: cost of direct benefit to donors (Note 2L)	<u>-</u>	<u>-</u>	<u>(4,829)</u>	<u>(4,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 2,489,988</u>	<u>\$ 296,381</u>	<u>\$ 872,489</u>	<u>\$ 3,658,858</u>	<u>\$ 288,874</u>	<u>\$ 103,601</u>	<u>\$ 228,681</u>	<u>\$ 621,156</u>

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

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)**

STATEMENTS OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE THREE-MONTH PERIOD ENDED DECEMBER 31,
2019**

	12/31/20	12/31/19
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 709,290	\$ 50,738
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net change in the allowance for doubtful contributions and grants receivable	(14,319)	14,623
Depreciation	21,666	5,417
Subtotal	716,637	102,902
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Contributions and grants receivable	(10,247)	150,474
Accounts receivable and other assets	8,550	(51,388)
Inventories	10,428	699
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	46,346	(423,626)
Deferred revenue	(27,418)	27,418
Due to MTV Networks	(188,042)	(106,387)
Net Cash Provided by (Used In) Operating Activities	556,254	(332,032)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	556,254	(332,032)
Cash and cash equivalents - beginning of year/period	568,336	900,368
CASH AND CASH EQUIVALENTS - END OF YEAR/PERIOD	\$ 1,124,590	\$ 568,336

**SAVE THE MUSIC FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Save The Music Foundation (d/b/a MTV Save The Music Foundation and VH1 Save The Music Foundation) (the “Foundation”) is a nonprofit organization dedicated to improving the quality of education in America’s public schools by restoring and supporting instrumental music education programs, and by raising public awareness about the importance of music participation and the positive impact it has on our Nation’s youth. The Foundation’s mission is to help kids, schools, and communities realize their potential through the power of music. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax.

During the year ended September 30, 2019, management decided to change the Foundation’s year end from September 30th to December 31st. As a result, the prior year financial statements are as of and for the three-month period ended December 31, 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Foundation’s financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America, (“U.S. GAAP”).
- B. The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.
- C. The Foundation maintains its net assets under the following two classes:
 - Without donor restrictions – represents resources available for support of the Foundation’s operations over which the Board of Directors (the “Board”) has discretionary control.
 - With donor restrictions – resulting from contributions and other inflows of assets subject to donor imposed stipulations that either can be fulfilled and removed by actions of the Foundation pursuant to those stipulations or that expire by the passage of time. When such stipulations are fulfilled or time restrictions expire, such net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions that have had their restrictions met in the current year are recorded as net assets without donor restrictions. See Note 6 for more information on the composition of net assets with donor restrictions and the release of restrictions.
- D. Equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Contributed fixed assets are stated at fair value at the date of gift. The Foundation has established a \$1,000 threshold above which assets are capitalized. Purchases below \$1,000 are expensed at the time of acquisition. Equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.
- E. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

**SAVE THE MUSIC FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. The Foundation has inventories of certain donated and purchased musical instruments which will be granted to educational institutions in accordance with the Foundation's mission. The Foundation also has inventories of donated items for sale such as concert tickets, memorabilia and collectibles. Inventories are recorded at cost at the time of purchase or the fair value at date of donation. As of December 31, 2020 and 2019, the Foundation had an inventory obsolescence provision of \$600 and \$1,000, respectively.

The Foundation reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills and represents services that would have been purchased had they not been donated. See Note 8 for details of such contributed services.

- G. The following program and supporting services are included in the accompanying financial statements:

Program – Includes musical instrument grants, professional development and local collective impact convenings, research studies on the impact of increased music education access, and public education and advocacy programs to explain the importance and value of music education.

Management and general – Provides coordination and articulation of the Foundation's program strategy through the Office of the Executive Director; secure proper administrative functioning of the Board of Directors; maintains competent legal services for the proper administration of the Foundation; maintains an adequate working environment, and manages the financial responsibilities of the Foundation.

Fundraising – Provides the structure necessary to encourage and secure financial support from individuals, foundations and corporations.

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. Some expenses are allocated based on direct identification. Other expenses require allocation among the programs and supporting services benefits on a reasonable basis that is consistently applied. Salaries and wages, benefits, payroll taxes, office expenses, website, and other expenses are allocated on the basis of estimates of time and effort.

- H. Unconditional contributions receivable are recognized as contribution revenue and contributions receivable during the period in which they are promised. Conditional contributions are recognized only when the stipulated conditions on which they depend are substantially met and the contributions become unconditional.

The Foundation's grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Contributions are recognized when they are received or pledged. Contributions and grants amounted to \$2,509,348 and \$471,572 for the year ended December 31, 2020 for the three-month period ended December 31, 2019, respectively, and are included in the statements of activities.

- I. The Foundation's management evaluates the need for an allowance for doubtful accounts applicable to its contributions and grants receivable based on various factors including an assessment of the credit-worthiness of its donors, aging of the amounts due and historical experience. As of December 31, 2020 and 2019, the Foundation determined that an allowance for uncollectable contributions and grants was necessary in the amount of \$32,428 and \$46,747, respectively.

**SAVE THE MUSIC FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. The Foundation’s management evaluates the need for an allowance for doubtful accounts applicable to its accounts receivable based on various factors including an assessment of the creditworthiness of its vendors, aging of the amounts due and historical experience. As of December 31, 2020 and 2019, no allowance was considered necessary for accounts receivable.
- K. The Foundation receives cash in advance of a special event that is held after the statement of financial position date. It is the Foundation’s policy to refund money paid for an event if it is cancelled or postponed based on the donor’s request.
- L. The direct costs of special events include costs incurred in connection with special events related to items benefiting attendees of such events, such as meals and entertainment.
- M. Donated goods and services are recorded as contributions at their fair value at the time of receipt. The estimated fair values of materials and services (musical instruments, donated professional services and office expenses) are recorded in the statements of activities as revenue in the year received and as expenses in the period in which they are provided or used. The Foundation receives musical instruments from donors to benefit public school music programs.
- N. The Foundation receives nonrefundable royalty payments for its licensing agreements pertaining to music CDs and temporary tattoos. Royalty income is recorded when initial nonrefundable royalty payments are received and when subsequent royalties are earned.
- O. The Foundation distributes musical instruments to various public schools around the United States for their music programs. Grant expense is recorded at the date of the unconditional promise to give and is recorded at an amount equal to the fair value of musical instruments originally donated to the Foundation.
- P. Certain line items in the December 31, 2019 financial statements were reclassified to conform to the December 31, 2020 presentation. Such reclassification had no effect on net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following financial assets could readily be made available immediately from the statements of financial position date to meet general expenditures as of December 31:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash and cash equivalents	\$ 1,124,590	\$ 568,336
Contributions and grants receivable, net	699,097	674,531
Accounts receivable and other assets	<u>64,201</u>	<u>72,751</u>
Total financial assets	1,887,888	1,315,618
Less: Contributions and grants receivable not due within one year	(248,398)	(70,421)
Other assets	(19,531)	(26,993)
Net assets with donor restrictions	<u>(1,051,600)</u>	<u>(1,045,023)</u>
	<u>\$ 568,359</u>	<u>\$ 173,181</u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Amounts due in less than one year	\$ 483,127	\$ 650,857
Amounts due in one to five years	221,274	48,723
Amounts due in six to ten years	<u>27,124</u>	<u>21,698</u>
Total	731,525	721,278
Less: Reserve for uncollectible pledges	<u>(32,428)</u>	<u>(46,747)</u>
Total contributions and grants receivable, net	<u>\$ 699,097</u>	<u>\$ 674,531</u>

NOTE 5 – EQUIPMENT

Equipment consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Life</u>
Computer software	\$ 65,000	\$ 65,000	3 years
Total costs	65,000	65,000	
Less: accumulated depreciation	<u>(59,583)</u>	<u>(37,917)</u>	
Net book value	<u>\$ 5,417</u>	<u>\$ 27,083</u>	

Depreciation expense amounted to \$21,666 and \$5,417 for the year ended December 31, 2020 and the three-month period ended December 31, 2019, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of December 31:

	<u>2020</u>	<u>2019</u>
New Orleans, LA schools	\$ 250,000	\$ 265,898
Newark, NJ schools	215,000	319,509
Miami, FL schools	190,000	-
West Virginia schools	160,000	180,000
San Francisco schools	110,000	-
New York, NY	60,000	92,500
Avondale, AZ schools	30,000	-
Windham, CT schools	21,600	43,300
Minneapolis, MN schools & ITM	15,000	-
Detroit, MI schools	-	51,816
Pajaro Valley, CA schools	-	61,000
Anaheim, CA schools	-	15,000
Newark, NJ schools & K+K	-	10,000
New Orleans, LA schools & ITM	-	6,000
	<u>\$ 1,051,600</u>	<u>\$ 1,045,023</u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from restrictions by incurring expenses or the passage of time thus satisfying the restricted purposes for the year ended December 31, 2020 and the three-month period ended December 31, 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Newark, NJ schools	\$ 319,508	\$ 25,491
New Orleans, LA schools	190,898	34,102
West Virginia schools	120,000	-
New York, NY schools	92,500	-
Pajaro Valley, CA schools	61,000	-
Detroit, MI schools	51,817	3,184
Windham, CT schools	21,700	-
Anaheim, CA schools	15,000	-
Newark, NJ schools with double restriction for Keys + Kids grants	10,000	-
New Orleans, LA double restriction Intro to Music Grants	6,000	-
Nashville, TN schools	-	15,000
	<u>\$ 888,423</u>	<u>\$ 77,777</u>

NOTE 7 – TAX-DEFERRED ANNUITY PLAN

The Foundation has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code that covers full-time employees of the Foundation. The Foundation matches 75% of the first 6% that an employee contributes to the plan (maximum of 4.5% of gross salary per employee). Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Pension expense for the year ended December 31, 2020 and for the three-month period ended December 31, 2019 was \$29,142 and \$7,124, respectively.

NOTE 8 – RELATED PARTIES

Through an agreement with MTV Networks which is renewable every two years, the Foundation recognizes the benefit contributed from the services of certain employees including the Executive Director of the Foundation, special events production, management and general support, in addition to office rent and some overhead and travel expenses. In addition, the Foundation reimburses MTV Network for certain operating expenses beyond the donated amount. MTV Networks also grants to the Foundation certain exclusive, non-exclusive and non-transferable rights to use certain trademarks and logos in connection with the Foundation's charitable and educational activities. MTV Networks has the rights to appoint two of the three members of the nominating committee and to nominate persons for election to the Foundation's Board. However, the directors, officers and employees of MTV Networks shall in the aggregate constitute less than a majority of the directors of the Foundation's Board.

Donated services contributed by MTV Networks including special events production, music talent booking, public relations, travel reimbursement, the services of the Executive Director and use of office space were \$566,120 and \$174,456 for the year ended December 31, 2020 and the three-month period ended December 31, 2019, respectively. Donated musical instruments, contributed by MTV Networks, for the year ended December 31, 2020 and the three-month period ended December 31, 2019 amounted to \$38,486 and \$0, respectively.

In addition, the Foundation incurred expenses amounting to \$98,475 and \$17,738 for the year ended December 31, 2020 and the three-month period ended December 31, 2019, respectively, for special events production and other services provided by MTV Networks. As of December 31, 2020 and the three-month period ended December 31, 2019, the Foundation has a liability to MTV Networks amounting to \$0 and \$188,042, respectively. This liability related principally to MTV Networks coverage of the Foundation's operating shortfalls in 2008 and 2011.

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 8 – RELATED PARTIES (Continued)

In July 2016, MTV Networks and the Foundation negotiated a debt repayment schedule in which the Foundation agreed to pay down a portion of the prior year's liability over four years beginning with the year ended September 30, 2016. In addition, in July 2016, MTV Networks agreed to write off and forgive an amount of \$74,597 of the debt each year for four years beginning with the year ended September 30, 2016. In February 2020, MTV Networks agreed to write off and forgive an additional amount of \$149,417, which represents the final balance of the MTV Networks liability related to the 2008 and 2011 operating shortfalls. The reduction in the amount due to MTV Networks is reported as part of contributions and grants in the accompanying statements of activities for the year ended December 31, 2020 and the three-month period ended December 31, 2019.

In transactions not related to MTV Networks, donated services from the Foundation's third-party accounting provider were \$40,000 and \$11,520 for the year ended December 31, 2020 and the three month-period ending December 31, 2019, respectively.

The Foundation is also a co-employer of its staff with a professional employer organization that provides payroll, benefits, human resources, tax administration and regulatory compliance assistance. The contractual obligation enables the Foundation to offer competitive employee benefit package to its employees.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

- A. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Foundation could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Foundation's mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Foundation cannot predict the extent to which its financial condition and results of operations will be affected.
- B. On March 27, 2020 in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES" Act). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. The maximum loan amount is equal to the less of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; of (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty four week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Foundation's employees. The Foundation applied for this loan through a SBA authorized lender and received \$193,675 on April 14, 2020. The Foundation opted to account for the PPP loan as a conditional grant and recognized as contributions and grants in the accompanying statements of activities, for the year ended December 31, 2020. This PPP loan was forgiven by the SBA on March 16, 2021.
- C. The Foundation believes it has no uncertain tax positions as of December 31, 2020 and 2019 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**SAVE THE MUSIC FOUNDATION
(D/B/A MTV SAVE THE MUSIC FOUNDATION
AND VH1 SAVE THE MUSIC FOUNDATION)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND
THREE-MONTH PERIOD ENDED DECEMBER 31, 2019**

NOTE 10 – CONCENTRATION

Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits (\$250,000) by approximately \$899,000 and \$372,000 as of December 31, 2020 and 2019, respectively. Such excess includes outstanding checks.

NOTE 11 – SUBSEQUENT EVENTS

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (“Economic Aid Act”) became law as a part of the Consolidated Appropriations Act, 2021. The Foundation has applied for a second draw Paycheck Protection Program loan under the Consolidated Appropriations Act, 2021. This loan is to provide the Foundation with working capital for the purposes of maintaining employment levels during a stay-at-home period ordered by the governor of New York. The Foundation may receive partial or full forgiveness of the debt if they maintain employee count, as well as salary levels, during such specified period. Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred until the SBA remits the borrower’s loan forgiveness amount to the lender and are payable with interest at 1% for a five-year term. The loan is uncollateralized and guaranteed by the SBA. The Foundation received \$193,050 under the second round of funding on March 15, 2021.

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of statement of financial position through May 4, 2021, the date the financial statements were available to be issued.