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

Save The Music FOUNDATION

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2021 and 2020

MARKS PANETH

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)

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

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)

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Foundation'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 Foundation'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 audits.

Marks Paneth LLP

New York, NY
May 2, 2022

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, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2B, 3 and 10A)	$ 4,358,041	$ 1,124,590
Contributions and grants receivable, net (Notes 2H, 2I, 3 and 4)	723,170	699,097
Accounts receivable and other assets (Notes 2J and 3)	58,140	64,201
Inventories, net (Note 2F)	17,311	9,394
Equipment, net (Notes 2D and 5)	-	5,417
TOTAL ASSETS	$ 5,156,662	$ 1,902,699
LIABILITIES		
Accounts payable and accrued expenses	$ 337,671	$ 156,941
Deferred revenue (Note 2K)	50,317	-
TOTAL LIABILITIES	387,988	156,941
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2C)		
Without donor restrictions	3,805,038	694,158
With donor restrictions (Notes 3 and 6)	963,636	1,051,600
TOTAL NET ASSETS	4,768,674	1,745,758
TOTAL LIABILITIES AND NET ASSETS	$ 5,156,662	$ 1,902,699

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 ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
PUBLIC SUPPORT AND REVENUE:						
Public Support:						
Special events revenue	$ 487,567	$ -	$ 487,567	$ 273,055	$ -	$ 273,055
Less cost of direct benefit to donor (Note 2L)	(42,543)	-	(42,543)	(4,829)	-	(4,829)
Special events, net	445,024	-	445,024	268,226	-	268,226
Contributions and grants (Notes 2H, 9 and 10B)	5,037,008	813,636	5,850,644	1,614,348	895,000	2,509,348
Donated musical instruments (Notes 2M and 8)	65,640	-	65,640	316,986	-	316,986
Donated goods and services (Notes 2M, 8 and 10C)	2,520,917	-	2,520,917	1,272,205	-	1,272,205
Total Public Support	8,068,589	813,636	8,882,225	3,471,765	895,000	4,366,765
Revenue:						
Royalties (Note 2N)	2,651	-	2,651	1,383	-	1,383
Net assets released from restrictions (Notes 2C and 6)	901,600	(901,600)	-	888,423	(888,423)	-
Total Revenue	904,251	(901,600)	2,651	889,806	(888,423)	1,383
TOTAL PUBLIC SUPPORT AND REVENUE	8,972,840	(87,964)	8,884,876	4,361,571	6,577	4,368,148
EXPENSES (Note 2G)**:**						
Program services:						
Musical education restoration (Note 2O)	4,444,708	-	4,444,708	2,489,988	-	2,489,988
Supporting services:						
Management and general	332,248	-	332,248	296,381	-	296,381
Fundraising	1,085,004	-	1,085,004	872,489	-	872,489
Total supporting services	1,417,252	-	1,417,252	1,168,870	-	1,168,870
TOTAL EXPENSES	5,861,960	-	5,861,960	3,658,858	-	3,658,858
CHANGE IN NET ASSETS	3,110,880	(87,964)	3,022,916	702,713	6,577	709,290
Net assets - beginning of year	694,158	1,051,600	1,745,758	(8,555)	1,045,023	1,036,468
NET ASSETS - END OF YEAR	$ 3,805,038	$ 963,636	$ 4,768,674	$ 694,158	$ 1,051,600	$ 1,745,758

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 YEARS ENDED DECEMBER 31, 2021 AND 2020

	Year Ended December 31, 2021					Year Ended December 31, 2020				
		Supporting Services					Supporting Services			
	Program Services	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total 2021**	**Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total 2020**
Salaries and Related Costs:										
Salaries	$ 413,809	$ 11,517	$ 500,421	$ 511,938	$ 925,747	$ 344,574	$ 11,216	$ 420,503	$ 431,719	$ 776,293
Benefits and related payroll expenses	104,689	2,758	126,821	129,579	234,268	81,438	2,634	103,462	106,096	187,534
Total Salaries and Related Costs (Notes 7 and 8)	518,498	14,275	627,242	641,517	1,160,015	426,012	13,850	523,965	537,815	963,827
Musical instrument grants (Note 2O)	3,388,283	-	-	-	3,388,283	1,562,716	-	-	-	1,562,716
Donated professional services and office expenses (Notes 2M and 8)	193,261	144,218	290,010	434,228	627,489	193,324	154,414	258,381	412,795	606,119
Professional services	26,085	131,812	40,571	172,383	198,468	21,387	126,260	32,219	158,479	179,866
Travel and meetings	-	-	-	-	-	180	748	-	748	928
Office expenses	-	-	-	-	-	2,211	1,109	3,820	4,929	7,140
Special events production costs and related expenses	-	-	134,079	134,079	134,079	-	-	7,936	7,936	7,936
Website expense	23,497	-	18,218	18,218	41,715	20,740	-	28,876	28,876	49,616
Marketing and promotion	-	-	14,515	14,515	14,515	400	-	9,673	9,673	10,073
Delivery and advocacy events	292,376	-	-	-	292,376	252,185	-	-	-	252,185
Bad debt expense (Note 2I)	-	41,943	-	41,943	41,943	-	-	-	-	-
Depreciation (Notes 2D and 5)	2,708	-	2,709	2,709	5,417	10,833	-	10,833	10,833	21,666
Miscellaneous	-	-	203	203	203	-	-	1,615	1,615	1,615
Subtotal	4,444,708	332,248	1,127,547	1,459,795	5,904,503	2,489,988	296,381	877,318	1,173,699	3,663,687
Less: cost of direct benefit to donors (Note 2L)	-	-	(42,543)	(42,543)	(42,543)	-	-	(4,829)	(4,829)	(4,829)
TOTAL EXPENSES	$ 4,444,708	$ 332,248	$ 1,085,004	$ 1,417,252	$ 5,861,960	$ 2,489,988	$ 296,381	$ 872,489	$ 1,168,870	$ 3,658,858

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 YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,022,916	$ 709,290
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net change in the allowance for doubtful contributions and grants receivable	(27,124)	(14,319)
Bad debt	41,943	-
Net change in the allowance for obsolescence of inventory	900	-
Depreciation	5,417	21,666
Subtotal	3,044,052	716,637
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Contributions and grants receivable	(38,892)	(10,247)
Accounts receivable and other assets	6,061	8,550
Inventories	(8,817)	10,428
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	180,730	46,346
Deferred revenue	50,317	(27,418)
Due to MTV Networks	-	(188,042)
Net Cash Provided by Operating Activities	3,233,451	556,254
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,233,451	556,254
Cash and cash equivalents - beginning of year	1,124,590	568,336
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,358,041	$ 1,124,590

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

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 in America's public schools, 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 ("IRC") Section 501(c)(3) of the IRC and recognized as a public charity under Section 509(a)(1) of the IRC. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. 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.

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 been both earned and 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, respectively.

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. As of December 31, 2021, the Foundation's equipment, which is still in use, has been fully depreciated.

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.

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, 2021 and 2020, the Foundation had an inventory obsolescence provision of $1,500 and $600, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and grants amounted to $5,850,644 and $2,509,348 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Foundation determined that an allowance for uncollectable contributions and grants was necessary in the amount of $5,304 and $32,428, respectively. For the years ended December 31, 2021 and 2020, the Foundation wrote off $69,067 and $0, respectively, of prior year's contributions and grants receivable which were deemed uncollectible.

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, 2021 and 2020, no allowance was considered necessary for accounts receivable.

K. The Foundation receives cash in advance of a special event that is held after the statements 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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. The Foundation has adopted Financial Accounting Standard Board ("FASB") Accounting Standards Update ("ASU") 2014-09 – Revenue from Contracts with Customers (Topic 606) for the year ended December 31, 2021. The core guidance is to recognize revenue to depict the transfer of services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The adoption of Topic 606 had no effect on the way the Foundation recognizes revenue.

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:

	2021	2020
Cash and cash equivalents	$ 4,358,041	$ 1,124,590
Contributions and grants receivable, net	723,170	699,097
Accounts receivable and other assets	58,140	64,201
Total financial assets	5,139,351	1,887,888
Less: Other assets	(25,844)	(19,531)
Net assets with donor restrictions	(963,636)	(1,051,600)
	$ 4,149,871	$ 816,757

NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE

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

	2021	2020
Amounts due in less than one year	$ 627,224	$ 483,127
Amounts due in one to five years	101,250	221,274
Amounts due in six to ten years	-	27,124
Total	728,474	731,525
Less: Reserve for uncollectible pledges	(5,304)	(32,428)
Total contributions and grants receivable, net	$ 723,170	$ 699,097

NOTE 5 – EQUIPMENT

Equipment consists of the following as of December 31:

	2021	2020	Estimated Useful Life
Computer software	$ 65,000	$ 65,000	3 years
Total costs	65,000	65,000	
Less: accumulated depreciation	(65,000)	(59,583)	
Net book value	$ -	$ 5,417	

Depreciation expense amounted to $5,417 and $21,666 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
TIL and SEL workshops	$ 181,136	$ -
West Virginia schools	160,000	160,000
New Jersey schools	155,000	-
Miami, FL schools	130,000	190,000
New York, NY schools	60,000	60,000
San Francisco, CA schools	55,000	110,000
Detroit, MI and J Dilla Music Technology Grant for 22-23 school year	55,000	-
Philadelphia, PA schools and Music Technology Grant	52,500	-
New Orleans, LA schools	50,000	250,000
New Jersey – trauma informed learning series	40,000	-
Pajaro Valley, CA schools	25,000	-
Newark, NJ schools	-	215,000
Avondale, AZ schools	-	30,000
Windham, CT schools	-	21,600
Minneapolis, MN schools and ITM	-	15,000
	$ 963,636	$ 1,051,600

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 years ended December 31:

	2021	2020
Newark, NJ schools	$ 215,000	$ 319,508
New Orleans, LA schools	205,000	190,898
West Virginia schools	160,000	120,000
San Francisco, CA schools	110,000	-
Miami, FL schools	85,000	-
New York, NY schools	60,000	92,500
Avondale, AZ schools	30,000	-
Windham, CT schools	21,600	21,700
Minneapolis, MN schools & ITM	15,000	-
Pajaro Valley, CA schools	-	61,000
Detroit, MI schools	-	51,817
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
	$ 901,600	$ 888,423

NOTE 7 – TAX-DEFERRED ANNUITY PLAN

A. The Foundation has a tax-deferred annuity plan (the "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 IRC. Pension expense for the years ended December 31, 2021 and 2020 was $36,148 and $29,142, respectively.

B. 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 their employees.

NOTE 8 – RELATED PARTIES

Through an agreement with MTV Entertainment Group, a division of Paramount Global, which is renewable every two years and next expires on December 31, 2023, MTV Entertainment Group donates the services of certain MTV Entertainment Group employees to the Foundation, including the Foundation's Executive Director, as well as the services of employees who work on special events production, music talent booking and public relations.

In addition, MTV Entertainment Group provides the Foundation with office space, travel expenses, financial services, IT support and other overhead. The agreement also grants the Foundation a non-exclusive and non-transferable right to use certain trademarks and logos in connection with the Foundation's charitable and educational activities.

Donated services contributed by MTV Entertainment Group including the Executive Director, special events production, music talent booking, public relations, travel, entertainment and use of office space amounted to $597,489 and $566,120 for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, MTV Entertainment Group also paid for purchases of musical instruments amounting to $0 and $38,486, respectively.

NOTE 8 – RELATED PARTIES (Continued)

As part of the agreement with the Foundation, MTV Entertainment Group has rights to appoint two of the three members of the nominating committee and to nominate persons for election to the Foundation's Board. Overall directors, officers and employees of MTV Entertainment Group are required in the aggregate to constitute less than a majority of the directors of the Foundation's Board.

At the end of each fiscal quarter, the Foundation reimburses MTV Entertainment Group for incurred expenses that are not defined as donated expenses by the agreement between the two parties. The Foundation incurred expenses in this category which amounted to $318,920 and $98,475 for the years ended December 31, 2021 and 2020, respectively, primarily for special events expenses and purchases made with the corporate purchasing credit card for the Foundation's music technology grants to schools. As of December 31, 2021 and 2020, the Foundation had no outstanding liabilities to MTV Entertainment Group.

In related transactions not related to MTV Entertainment Group, donated services from the Foundation's third-party accounting provider amounted to $30,000 and $40,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. On March 27, 2020 in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security 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 lesser 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; or (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 an 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 was recognized as contributions and grants in the accompanying statement of activities for the year ended December 31, 2020. This PPP loan was forgiven by the SBA on March 16, 2021.

B. 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 applied for a second draw PPP 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 lender and are payable with interest at 1% for 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. The Foundation has opted to account for the PPP loan as a conditional grant and was recognized as contributions and grants in the accompanying statement of activities, for the year ended December 31, 2021, as a result of the conditions being substantially met. This PPP loan was forgiven by the SBA on October 28, 2021.

C. The Foundation believes it has no uncertain tax positions as of December 31, 2021 and 2020 in accordance with FASB Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 10 – CONCENTRATIONS

A. 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 $4,107,000 and $899,000 as of December 31, 2021 and 2020, respectively. Such excess includes outstanding checks.

B. For the years ended December 31, 2021 and 2020, the Foundation derived approximately 34% and 0%, respectively, of its contributions and grants from one donor.

C. For the years ended December 31, 2021 and 2020, the Foundation derived approximately 24% and 45%, respectively, of donated goods and services from MTV Entertainment Group.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of statement of financial position through May 2, 2022, the date the financial statements were available to be issued