

SONGWRITINGWITH: INC. D/B/A
SONGWRITINGWITH:SOLDIERS AND
SUBSIDIARY

CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

DECEMBER 31, 2024 AND 2023

SONGWRITINGWITH: INC. D/B/A SONGWRITINGWITH:SOLDIERS AND SUBSIDIARY

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Independent Auditor's Report

To the Board of Directors
SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Nashville, Tennessee

Opinion

We have audited the accompanying consolidated financial statements of SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary (the Organization), a Texas nonprofit corporation, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024 and 2023, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

(Auditor's report continued on next page)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 consolidated 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 our audits.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs
Nashville, Tennessee
May 19, 2025

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Financial Position
December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 1,117,391	\$ 56,000	\$ 1,173,391
Accounts receivable	4,588	25,000	29,588
Pledges receivable	-	505,000	505,000
Prepaid expenses	<u>30,349</u>	<u>-</u>	<u>30,349</u>
Total Current Assets	1,152,328	586,000	1,738,328
 Pledges receivable, excluding current portion	 -	 443,416	 443,416
Other assets	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Assets	<u>\$ 1,153,828</u>	<u>\$ 1,029,416</u>	<u>\$ 2,183,244</u>
 <u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	\$ 13,888	\$ -	\$ 13,888
Accrued expenses and liabilities	22,825	-	22,825
Deferred revenue	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Current Liabilities	<u>86,713</u>	<u>-</u>	<u>86,713</u>
 Net Assets			
Without donor restrictions	1,067,115	-	1,067,115
With donor restrictions	<u>-</u>	<u>1,029,416</u>	<u>1,029,416</u>
Total Net Assets	<u>1,067,115</u>	<u>1,029,416</u>	<u>2,096,531</u>
Total Liabilities and Net Assets	<u>\$ 1,153,828</u>	<u>\$ 1,029,416</u>	<u>\$ 2,183,244</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Financial Position (Continued)
December 31, 2023 - Restated

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 606,845	\$ -	\$ 606,845
Accounts receivable	9,500	-	9,500
Pledges receivable	-	60,000	60,000
Prepaid expenses	<u>11,863</u>	<u>-</u>	<u>11,863</u>
Total Current Assets	628,208	60,000	688,208
 Other assets	 <u>1,500</u>	 <u>-</u>	 <u>1,500</u>
Total Assets	\$ <u>629,708</u>	\$ <u>60,000</u>	\$ <u>689,708</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	\$ 7,982	\$ -	\$ 7,982
Accrued expenses and liabilities	10,646	-	10,646
Deferred revenue	<u>50,500</u>	<u>-</u>	<u>50,500</u>
Total Current Liabilities	<u>69,128</u>	<u>-</u>	<u>69,128</u>
 Net Assets			
Without donor restrictions	560,580	-	560,580
With donor restrictions	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total Net Assets	<u>560,580</u>	<u>60,000</u>	<u>620,580</u>
Total Liabilities and Net Assets	\$ <u>629,708</u>	\$ <u>60,000</u>	\$ <u>689,708</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions and grants	\$ 984,638	\$ 1,154,416	\$ 2,139,054
Program income	666,000	-	666,000
Special events	80,861	-	80,861
Contributions of nonfinancial assets	5,315	-	5,315
Miscellaneous	1,054	-	1,054
Interest income	26,219	-	26,219
Net assets released from restrictions	<u>185,000</u>	<u>(185,000)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,949,087</u>	<u>969,416</u>	<u>2,918,503</u>
Expenses			
Program Services			
Program	1,111,999	-	1,111,999
Supporting Services			
Management and general	151,604	-	151,604
Fundraising	<u>178,949</u>	<u>-</u>	<u>178,949</u>
Total Expenses	<u>1,442,552</u>	<u>-</u>	<u>1,442,552</u>
Change in Net Assets	506,535	969,416	1,475,951
Net Assets - Beginning of Year - As Previously Reported	560,580	105,000	665,580
Prior period adjustment (Note 3)	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>
Balance at beginning of the year, as restated	<u>560,580</u>	<u>60,000</u>	<u>620,580</u>
Net Assets - End of Year	<u>\$ 1,067,115</u>	<u>\$ 1,029,416</u>	<u>\$ 2,096,531</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets (Continued)
For the Year Ended December 31, 2023 - Restated

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions and grants	\$ 278,712	\$ 205,000	\$ 483,712
Program income	601,250	-	601,250
Special events	39,063	-	39,063
Contributions of nonfinancial assets	4,079	-	4,079
Miscellaneous	511	-	511
Interest income	6,181	-	6,181
Net assets released from restrictions	<u>421,276</u>	<u>(421,276)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,351,072</u>	<u>(216,276)</u>	<u>1,134,796</u>
Expenses			
Program Services			
Program	1,048,356	-	1,048,356
Supporting Services			
Management and general	113,072	-	113,072
Fundraising	<u>103,884</u>	<u>-</u>	<u>103,884</u>
Total Expenses	<u>1,265,312</u>	<u>-</u>	<u>1,265,312</u>
Change in Net Assets	85,760	(216,276)	(130,516)
Net Assets - Beginning of Year	<u>474,820</u>	<u>276,276</u>	<u>751,096</u>
Net Assets - End of Year	<u>\$ 560,580</u>	<u>\$ 60,000</u>	<u>\$ 620,580</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	Restated <u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,475,951	\$ (130,516)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
(Increase) Decrease in Operating Assets		
Pledges receivable	(888,416)	165,000
Accounts receivable	(20,088)	20,763
Prepaid expenses	(18,486)	3,577
Increase (Decrease) in Operating Liabilities		
Accounts payable	5,906	(4,468)
Accrued expenses and liabilities	12,179	(2,728)
Deferred revenue	-	50,500
Net Cash Provided by (Used for) Operating Activities	<u>567,046</u>	<u>102,128</u>
Increase in Cash	567,046	102,128
Cash - Beginning of Year	<u>606,845</u>	<u>504,717</u>
Cash - End of Year	<u><u>\$ 1,173,891</u></u>	<u><u>\$ 606,845</u></u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2024

		Supporting Services		
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Retreat expense	\$ 666,570	\$ 1,080	\$ 3,172	\$ 670,822
Salaries and wages	330,512	50,848	127,120	508,480
Professional fees	18,015	78,110	2,646	98,771
Outreach communications	36,031	311	-	36,342
Office expense	8,974	8,879	4,827	22,680
Rent	13,624	1,817	2,724	18,165
Travel	20,427	4,574	3,818	28,819
Other fundraising expenses	-	-	23,872	23,872
Dues and subscriptions	4,111	2,440	6,785	13,336
In-kind expense	1,329	-	3,985	5,314
Insurance - general	2,930	3,545	-	6,475
Music administration	9,476	-	-	9,476
Total Expenses	\$ <u>1,111,999</u>	\$ <u>151,604</u>	\$ <u>178,949</u>	\$ <u>1,442,552</u>
Percent of Total Expenses	<u>77%</u>	<u>11%</u>	<u>12%</u>	<u>100%</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Consolidated Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2023

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Retreat expense	\$ 625,545	\$ 657	\$ 1,054	\$ 627,256
Salaries and wages	340,085	28,501	59,395	427,981
Professional fees	19,867	70,153	1,000	91,020
Outreach communications	33,873	348	509	34,730
Office expense	3,620	2,638	5,318	11,576
Rent	12,600	1,800	3,600	18,000
Travel	6,063	4,190	1,792	12,045
Other fundraising expenses	-	-	24,812	24,812
Dues and subscriptions	3,164	1,174	3,345	7,683
In-kind expense	1,020	-	3,059	4,079
Insurance - general	2,519	3,611	-	6,130
Total Expenses	<u>\$ 1,048,356</u>	<u>\$ 113,072</u>	<u>\$ 103,884</u>	<u>\$ 1,265,312</u>
Percent of Total Expenses	<u>83%</u>	<u>9%</u>	<u>8%</u>	<u>100%</u>

See independent auditor's report and accompanying notes to consolidated financial statements.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

Be An Artist, Inc. was incorporated as a Texas nonprofit corporation and received tax exempt status under Internal Revenue Code Section (IRCS) 501(c)(3) on December 4, 2007. In 2012, SongwritingWith:Soldiers, Inc. was established operating under Be An Artist, Inc.'s nonprofit, charitable IRCS 501(c)(3) of the code status. In 2013, Be An Artist, Inc. and SongwritingWith:Soldiers, Inc. merged with Be An Artist, Inc., the surviving nonprofit entity, and changed its legal name to SongwritingWith: Inc., which performs charitable activities using the doing business as (d/b/a) name SongwritingWith:Soldiers (SW:S). On June 6, 2013, a for-profit, wholly owned subsidiary, SongwritingWith:Soldiers Music, LLC (the LLC), was created to oversee the publication rights for music produced at retreats and workshops. The consolidated financial statements include the accounts of SW:S and the LLC (the Organization).

The Organization's mission is to transform lives by using songwriting to expand creativity, connections, and strengths. The Organization uses songwriting as a catalyst for positive change allowing participants a unique way to tell their stories, rebuild trust, release pain, forge new bonds, and flourish. Through retreats and workshops, service members are paired with professional songwriters to craft songs about their experiences, and participate in creativity and wellness practices. Through their songs, participants rediscover their creativity and reconnect with family, friends, and communities. The songs are recorded and shared through digital media, concerts, and social media in order to bridge military and civilian communities and build awareness of the challenges faced by our returning service members and their families. The Organization is also involved in research related to the impact of music on well-being.

Basis of Accounting

The accompanying consolidated financial statements of the Organization are prepared using the accrual basis of accounting, under which revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Financial Statement Presentation

The accompanying consolidated financial statements of the Organization report its consolidated financial information according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board). The Board has not designated any funds in 2024 and 2023.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Other donor restrictions are perpetual in nature, whereby the

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Notes to Consolidated Financial Statements (Continued)

donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities and Changes in Net Assets.

Measure of Operations

The Consolidated Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from donor-restricted contributions, net assets released for capital expenditure, and other activities considered to be of a more unusual or non-recurring nature. There were no non-operating activities for the years ended December 31, 2024 and 2023.

Program and Supporting Services - Functional Expenses

The following program and supporting services are included in the accompanying consolidated financial statements on the Consolidated Statements of Functional Expenses.

Program Services - includes activities carried out to fulfill the Organization's ongoing activities of transforming lives through songwriting.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses, applicable to more than one function, are allocated on the basis of objectively summarized information or management estimates.

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Actual results could differ from those estimates.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of amounts due from retreat services rendered and are presented net of an allowance for credit losses. Management evaluates the collectibility of accounts receivable

based primarily on the length of time the receivables are past due, historical experience, a review of current and future economic conditions, and an individual customer's ability to meet their financial obligations. When it has been determined it is probable that an account is uncollectible, the Organization recognizes an allowance for credit losses. However, actual accounts receivable write-offs might differ from management's estimate. Management believes no allowance was necessary at December 31, 2024 and 2023.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP established a fair value hierarchy that prioritized investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts and pledges receivable, and other short-term assets, and liabilities. For these financial instruments, carrying values approximate fair value.

Contributions and Contributions Receivable

Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing,

or both, of the cash flows, and other factors concerning the receivables collectibility. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible pledges is recorded when the Organization determines, based on historical experience, collection efforts, and future economic conditions, that a contribution receivable is uncollectible. No allowance for uncollectible pledges was considered necessary as of December 31, 2024 or 2023.

Revenue Recognition

Retreats

The Organization's revenue primarily consists of services such as retreats and Progressive and Alternative Training for Healing Heroes (PATHH) events. The services provide a distinct service and include contractual agreements for the events. The retreats and PATHH event revenue is recognized as received based off the performance obligation being satisfied at the time these services are provided.

Contributions and Grants

Contributions and other public support are generally recognized at the time of receipt as there are no performance obligations that are required to be satisfied. The Organization reports any gifts of property, equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used and no performance obligations exist. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service as the performance obligation is considered to be met at that point in time.

Contributions of Nonfinancial Assets

The Organization recognizes contributed nonfinancial assets within revenues in the Consolidated Statements of Activities and Changes in Net Assets consisting of professional services. Unless otherwise noted, contributed nonfinancial assets do not have any donor-imposed restrictions. The Organization records contributed nonfinancial assets at fair value when determinable, otherwise at value indicated by the donor, if material.

Income Taxes

The Organization is exempt from income taxes under the provisions of IRCS 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50% that the full amount of the tax position taken will be ultimately realized. Therefore, management believes that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns for the three most recent years filed, or expected to be taken in the Organization's current year tax return. The Organization identifies its major tax jurisdictions as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by either of these jurisdictions. As of December 31, 2024 and 2023, the Organization has accrued no interest and no penalties related to uncertain tax positions.

Right-of-Use Assets and Liabilities

Right-of-Use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and liabilities with terms greater than twelve months are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. When readily determinable, the Organization uses the interest rate implicit in a lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Organization's incremental borrowing rate is used. The Organization calculates its incremental borrowing rate on a periodic basis using a third-party financial model that estimates the rate of interest the Organization would have to pay to borrow an amount equal to the total lease payments on a collateralized basis over a term similar to the lease. The Organization applies its incremental borrowing rate using a portfolio approach. The ROU assets also include any lease payments made prior to commencement and are recorded net of any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options. The Organization had no ROU assets or liabilities at December 31, 2024 and 2023, respectively.

Reclassifications

Certain reclassifications have been made to the 2023 consolidated financial statements in order for them to conform to the 2024 presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between January 1, 2025 and May 19, 2025, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

Note 2 - Adoption of New Accounting Pronouncements

From time-to-time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Organization adopts as of the specified effective date. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the consolidated financial statements upon adoption.

Note 3 - Prior Period Adjustment

Net assets with donor restrictions at the beginning of 2024 have been adjusted to defer a conditional grant totaling \$50,000 and to record a previously unrecorded donation totaling \$5,000. The adjustment has no effect on the results of the current year's activities; however, the cumulative effect decreased beginning net assets with donor restrictions by \$45,000. In addition, the previously recorded conditional grant was recorded as deferred revenue on the 2023 Consolidated Statements of Financial Position and the previously unrecorded donation was recorded as contribution on the 2023 Consolidated Statements of Activities and Changes in Net Assets. The 2023 consolidated financial statements have been restated to reflect this adjustment.

SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and Subsidiary
Notes to Consolidated Financial Statements (Continued)

Note 4 - Availability and Liquidity

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statements of Financial Position date, are as follows:

	<u>2024</u>	<u>Restated 2023</u>
Cash	\$ 1,173,391	\$ 606,845
Pledges receivable	505,000	60,000
Accounts receivable	<u>29,588</u>	<u>9,500</u>
Total financial assets available to be used within one year	1,707,979	676,345
Less - Financial assets with donor restrictions, excluding time restrictions that expire in the next twelve months	<u>(81,000)</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,626,979</u>	\$ <u>676,345</u>

As part of the Organization'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.

Note 5 - Unconditional Promises to Give

Unconditional promises to give, which are not funded until a subsequent year and are donor restricted, at December 31, 2024 and 2023, represent pledges for donations or grants as follows:

	<u>2024</u>	<u>Restated 2023</u>
Payable in one year	\$ 505,000	\$ 60,000
Payable in one to three years	<u>443,416</u>	<u>-</u>
	\$ <u>948,416</u>	\$ <u>60,000</u>

The long-term portion of these receivables have been discounted by \$56,584 using a discount rate of 4.01% based on U.S. Treasury yield rate. The discount will be amortized as the receivables are collected to contribution revenue.

Note 6 - Lease Commitments

The Organization has a month-to-month office lease and paid \$18,165 and \$18,000 in rent payments during the years ended December 31, 2024 and 2023, respectively.

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Notes to Consolidated Financial Statements (Continued)

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions subject to time restrictions for use in the Organization's various programs totaled \$1,029,416 and \$60,000, respectively, at December 31, 2024 and 2023. Net assets of \$185,000 and \$421,276, respectively, for the years ended December 31, 2024 and 2023 were released from donor restrictions during 2024 and 2023 by incurring expenses which satisfied purpose and time restrictions.

Note 8 - Credit Risk and Other Concentrations

The Organization maintains its checking and savings accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The standard FDIC insurance amount is limited to \$250,000 per depositor, per insured bank. Therefore, amounts in excess of this \$250,000 held by the Organization as of, and during the years ended December 31, 2024 and 2023, were uninsured and uncollateralized.

Note 9 - Concentrations

The Organization received 53% of total revenues and support from one organization in 2024. As of December 31, 2024 and 2023, two donors accounted for the total pledges receivable.