MusiCares Foundation, Inc.

Financial Statements as of and for the Years Ended July 31, 2025 and 2024, and Independent Auditor's Report

MUSICARES FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MusiCares Foundation, Inc.:

Opinion

We have audited the financial statements of MusiCares Foundation, Inc. ("MusiCares Foundation"), which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MusiCares Foundation as of July 31, 2025 and 2024, and the results of its operations and changes in 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MusiCares 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 MusiCares Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 MusiCares 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 MusiCares Foundation’s ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

February 5, 2026

MUSICARES FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JULY 31, 2025 AND 2024

	2025	2024
ASSETS		
CASH AND CASH EQUIVALENTS	$ 9,455,821	$ 6,468,418
RECEIVABLES	837,472	839,501
RECEIVABLE FROM AFFILIATES	550	1,173
BOARD-DESIGNATED INVESTMENTS (Note 4)	27,877,093	26,180,907
PREPAID EXPENSES AND OTHER CURRENT ASSETS	167,756	228,187
PROPERTY—Net (Note 8)	40,894	51,682
TOTAL	$ 38,379,586	$ 33,769,868
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 898,565	$ 776,551
Deferred revenue	149,461	92,189
Payable to The Recording Academy	288,648	215,496
Total liabilities	1,336,674	1,084,236
COMMITMENTS AND CONTINGENCIES (Note 2)		
NET ASSETS (Note 2):		
Net assets without donor restrictions:		
General	4,528,588	6,504,725
Board designated (Notes 2 and 4)	27,877,093	26,180,907
Total net assets without donor restrictions	32,405,681	32,685,632
Net assets with donor restrictions	4,637,231	-
Total net assets	37,042,912	32,685,632
TOTAL	$ 38,379,586	$ 33,769,868

See notes to financial statements.

MUSICARES FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JULY 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Person of the Year Dinner/Auction	$ 9,161,806	$ -	$ 9,161,806	$ 8,597,675	$ -	$ 8,597,675
Los Angeles Fire Relief Fund	-	11,969,372	11,969,372	-	-	-
Contributions and grants	3,199,042	2,746,129	5,945,171	2,856,435	1,281,294	4,137,729
Contributions from The Recording Academy	2,000,000	584,351	2,584,351	2,375,000	23,883	2,398,883
Other fundraising auctions	1,357,519	-	1,357,519	1,079,692	-	1,079,692
In-kind donations (Note 9)	728,158	500	728,658	762,871	-	762,871
Natural Disaster Fund	-	379,426	379,426	-	11,125	11,125
Other income	1,955	-	1,955	157,597	-	157,597
Interest and dividend income	1,569,003	-	1,569,003	1,457,487	-	1,457,487
Unrealized gain on investments—net	764,696	-	764,696	1,321,027	-	1,321,027
Realized gain on investments—net	191,601	-	191,601	7,752	-	7,752
Total support and revenue	18,973,780	15,679,778	34,653,558	18,615,536	1,316,302	19,931,838
NET ASSETS RELEASED FROM RESTRICTIONS (Note 7)—						
Satisfaction of purpose/time restrictions	11,042,547	(11,042,547)	-	1,799,851	(1,799,851)	-
PROGRAM SERVICES AND SUPPORTING SERVICES EXPENSES:						
Program services expenses:						
Financial assistance program	9,786,469	-	9,786,469	7,003,575	-	7,003,575
Los Angeles Fire Relief Fund	8,202,477	-	8,202,477	-	-	-
Mental Health and Addiction Recovery (formerly MAP Fund)	2,109,084	-	2,109,084	1,599,226	-	1,599,226
Natural Disaster Fund	1,824,181	-	1,824,181	52,078	-	52,078
The Day That Music Cares	377,976	-	377,976	383,140	-	383,140
Total program services expenses	22,300,187	-	22,300,187	9,038,019	-	9,038,019

(Continued)

MUSICARES FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JULY 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Supporting services expenses:						
Person of the Year Dinner/Auction	$ 5,404,412	$ -	$ 5,404,412	$ 4,959,694	$ -	$ 4,959,694
Administration	1,767,857	-	1,767,857	1,586,480	-	1,586,480
General fundraising	555,395	-	555,395	505,759	-	505,759
Other fundraising auctions	268,427	-	268,427	309,809	-	309,809
Music on a Mission	-	-	-	8,219	-	8,219
Total supporting services expenses	7,996,091	-	7,996,091	7,369,961	-	7,369,961
Total program services and supporting services expenses	30,296,278	-	30,296,278	16,407,980	-	16,407,980
(DECREASE) INCREASE IN NET ASSETS	(279,951)	4,637,231	4,357,280	4,007,407	(483,549)	3,523,858
NET ASSETS:						
Beginning of year	32,685,632	-	32,685,632	28,678,225	483,549	29,161,774
End of year	$ 32,405,681	$ 4,637,231	$ 37,042,912	$ 32,685,632	$ -	$ 32,685,632

See notes to financial statements.

(Concluded)

MUSICARES FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2025

	Program Services						Supporting Services					
	Financial Assistance Program	LA Fire Relief Fund	Mental Health and Addiction Recovery	Natural Disaster Relief	The Day That Music Cares	Total Program Services Expenses	Person of the Year Dinner/ Auction	Administration	General Fundraising	Other Fundraising Auctions	Total Supporting Services Expenses	Total
Financial grants and assistance	$ 7,632,895	$ 7,310,052	$ 1,261,772	$ 1,607,017	$ -	$ 17,811,736	$ -	$ 22,463	$ -	$ -	$ 22,463	$ 17,834,199
Salaries and benefits	1,615,161	475,571	514,024	168,573	203,541	2,976,870	570,385	972,490	426,172	47,703	2,016,750	4,993,620
Event expenses	14,233	45	21,500	59	21,717	57,554	3,496,006	134	102	36,199	3,532,441	3,589,995
Administration	169,795	366,609	63,885	17,900	24,513	642,702	704,064	463,121	65,349	15,238	1,247,772	1,890,474
Professional fees	227,209	38,821	170,415	25,449	115,497	577,391	354,775	215,481	40,687	157,399	768,342	1,345,733
Travel and entertainment	44,597	645	36,672	639	131	82,684	228,432	18,002	812	8,126	255,372	338,056
Depreciation	-	-	-	-	-	-	-	10,788	-	-	10,788	10,788
Computer, video, and other expenses	82,579	10,734	40,816	4,544	12,577	151,250	50,750	65,378	22,273	3,762	142,163	293,413
Total	$ 9,786,469	$ 8,202,477	$ 2,109,084	$ 1,824,181	$ 377,976	$ 22,300,187	$ 5,404,412	$ 1,767,857	$ 555,395	$ 268,427	$ 7,996,091	$ 30,296,278

See notes to financial statements.

MUSICARES FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024

	Program Services					Supporting Services						
	Financial Assistance Program	Mental Health and Addiction Recovery	Natural Disaster Relief	The Day That Music Cares	Total Program Services Expenses	Person of the Year Dinner/ Auction	Administration	General Fundraising	Other Fundraising Auctions	Music on a Mission	Total Supporting Services Expenses	Total
Financial grants and assistance	$ 4,398,026	$ 808,522	$ 21,500	$ -	$ 5,228,048	$ -	$ 1,330	$ -	$ -	$ -	$ 1,330	$ 5,229,378
Salaries and benefits	2,030,636	513,219	24,798	215,928	2,784,581	663,667	929,060	341,078	40,999	6,598	1,981,402	4,765,983
Event expenses	19,481	16,086	-	22,771	58,338	3,060,055	2,595	23,538	35,805	-	3,121,993	3,180,331
Administration	213,380	64,045	2,962	31,135	311,522	707,599	374,143	48,586	19,329	800	1,150,457	1,461,979
Professional fees	215,088	153,263	1,840	75,494	445,685	353,032	192,436	66,670	212,150	622	824,910	1,270,595
Travel and entertainment	52,409	11,612	8	70	64,099	111,668	26,641	7,110	123	2	145,544	209,643
Depreciation	-	-	-	-	-	-	10,788	-	-	-	10,788	10,788
Computer, video, and other expenses	74,555	32,479	970	37,742	145,746	63,673	49,487	18,777	1,403	197	133,537	279,283
Total	$ 7,003,575	$ 1,599,226	$ 52,078	$ 383,140	$ 9,038,019	$ 4,959,694	$ 1,586,480	$ 505,759	$ 309,809	$ 8,219	$ 7,369,961	$ 16,407,980

See notes to financial statements.

MUSICARES FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 4,357,280	$ 3,523,858
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,788	10,788
Net unrealized gain on investments	(764,696)	(7,752)
Net realized gain on investments	(191,601)	(1,321,027)
Cash received for agency (pass-through) transactions (Note 2)	4,383,011	-
Cash paid to other charities (pass-through payments) (Note 2)	(4,383,011)	-
Contributed securities	(77,226)	(62,634)
Proceeds from sale of contributed securities	76,624	61,165
Changes in operating assets and liabilities:		
Receivables	2,029	964,184
Receivable from affiliates	623	(343)
Prepaid expenses and other current assets	60,431	(5,563)
Accounts payable and accrued liabilities	122,014	108,265
Deferred revenue	57,272	(14,544)
Payable to The Recording Academy	73,152	99,329
Net cash provided by operating activities	3,726,690	3,355,726
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,438,718)	(5,508,134)
Proceeds from sales and maturities of investments	2,699,431	4,212,569
Net cash used in investing activities	(739,287)	(1,295,565)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,987,403	2,060,161
CASH AND CASH EQUIVALENTS—Beginning of year	6,468,418	4,408,257
CASH AND CASH EQUIVALENTS—End of year	$ 9,455,821	$ 6,468,418

See notes to financial statements.

1. ORGANIZATION

MusiCares Foundation, Inc. (“MusiCares Foundation”) was established by the National Academy of Recording Arts & Sciences, Inc. (“The Recording Academy”) to provide assistance to people in the music industry who are in need and to focus the resources of the music industry on human service issues that directly affect the health and welfare of the music community. MusiCares Foundation provides such services as financial assistance grants and addiction recovery services, and supports the charitable goals of The Recording Academy.

Federal and State Income Taxes—MusiCares Foundation is generally exempt from federal and state income taxes as an Internal Revenue Code (IRC) Section 501(c)(3) organization and corresponding state provisions, except for unrelated business income that is subject to tax. MusiCares Foundation holds public charity status pursuant to IRC Section 509(a)(1) and IRC Section 170(b)(1)(A)(vi).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The financial statements of MusiCares Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require MusiCares Foundation to report information regarding its financial position and activities 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. These net assets may be used at the discretion of MusiCares Foundation’s management and the board of directors (the “Board”).

Net Assets with Donor Restrictions—Net assets are subject to stipulations imposed by donors and grantors. Contributions initially recorded as net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions have been met. Contributions whose restrictions are met in the same year as the contributions are made are initially classified as net assets with donor restrictions and reclassified to net assets without donor restrictions in the same year. There are no net assets with restrictions that are required to be maintained in perpetuity.

Board-Designated Investments—MusiCares Foundation’s Board-designated investments maintain a reserve for operational funding. The Board-designated investments may be used for any expenses related to the purpose of MusiCares Foundation upon approval by the Board in accordance with MusiCares Foundation’s investment policy. As specified by the Board, the earnings on the Board-designated investments remain as part of the Board-designated investments.

Management and the Board of MusiCares Foundation have established investment policies, return objectives, and risk parameters, as well as determined how those objectives relate to the spending policy and the strategies employed for achieving those objectives when the funds are received.

Activity in the Board-designated investments for the years ended July 31, 2025 and 2024, was as follows:

	2025	2024
Balance—beginning of year	$ 26,180,907	$ 23,555,094
Investment earnings—net	1,696,186	2,625,813
Balance—end of year	$ 27,877,093	$ 26,180,907

Use of Estimates—The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include demand deposits and short-term investments with maturities of 90 days or less from the purchase date. Throughout the year, MusiCares Foundation maintains amounts on deposit at financial institutions that exceed federally insured limits; as of July 31, 2025 and 2024, such amounts totaled $9,205,821 and $6,218,418, respectively. MusiCares Foundation has not experienced any losses as a result of these deposits and does not expect to incur any losses in the future.

Depreciation and Amortization—Depreciation and amortization of property are provided over the estimated useful lives of the assets on a straight-line basis. Acquisitions greater than $5,000 are capitalized. The estimated useful lives are as follows:

Furniture and fixtures	7 years
Office equipment	5 years
Computer equipment	3 years

Investments—Investments are carried at fair value based upon market quotations. Securities transactions are accounted for on trade dates. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned on an accrual basis. Realized and unrealized gains and losses are determined by comparing the specific costs of acquisitions to proceeds at the time of disposal or fair value at the date of the statements of financial position.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Deferred Revenue—Deferred revenue results from advance payments to MusiCares Foundation for events or goods and services that have been sold at auction, but have not yet been provided. Advance payments for events are recognized as revenue when the events take place. Auction revenue is recognized at the time the goods and/or services are provided to the auction winners. Deferred revenue on August 1, 2023, was $106,733. Deferred revenue amounted to $149,461 and $92,189 for the years ended July 31, 2025 and 2024, respectively.

Support and Revenue—Revenues consist mainly of funds received related to the Person of the Year Dinner/Auction, contributions and grants, and other fund-raising auctions. Person of the Year Dinner/Auction sales are recognized when the events take place or auction lots are delivered. Contributions and grants are recognized at the time the donation is made by the donor. Other fund-raising auction revenue is recognized at the time the goods and/or services are provided to the auction winners.

***Person of the Year Dinner/Auction*—**The MusiCares Person of the Year is an award presented annually by MusiCares Foundation to commend musicians for their artistic achievement in the music industry and dedication to philanthropy. The Person of the Year dinner and concert experience raises funds for MusiCares Foundation's vital programs and relief efforts and takes place prior to the Annual GRAMMY Awards. MusiCares Foundation recognizes revenue from ticket sales and sponsorships for the Person of the Year Dinner/Auction at the time of the event/auction. MusiCares Foundation recognizes revenue from donations at the time the donations are made. For the year ended July 31, 2025, Grateful Dead was honored, and the event raised $9,161,806 through sales, sponsorships, and donations and $344,928 of in-kind donations (refer to Note 9). For the year ended July 31, 2024, Jon Bon Jovi was honored, and the event/auction raised $8,597,675 through sales, sponsorships, and donations and $392,052 of in-kind donations (refer to Note 9).

Los Angeles Fire Relief Fund—In January 2025, extreme fires tore through Los Angeles, California. In response to the unprecedented devastation, MusiCares Foundation launched relief efforts to aid eligible music professionals in need. Contributions received in connection with these relief efforts are recognized as revenue in the period in which they are received.

Additionally, MusiCares Foundation collected $4,383,011 on behalf of other charities. These amounts are accounted for as agency transactions, as MusiCares Foundation acts as an agent by collecting funds and remitting those funds to the designated charities. Accordingly, these amounts are not recognized as revenue. When collected, MusiCares Foundation records an asset and a corresponding liability. When the pass-through payments are made, MusiCares Foundation reduces the related asset and liability. As of July 31, 2025, all pass-through payments related to these agency transactions had been remitted to the charities.

***Contributions and Grants*—**Conditional contributions or intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. Conditional amounts received in advance are reported as deferred revenue in the statements of financial position. Contributions that are unconditional, including funds from The Recording Academy, are recognized in the period they are received. The MusiCares Foundation has no conditional contributions as of July 31, 2025 and 2024.

***Other Fund-Raising Auctions*—**Other fund-raising auction sales include one-of-a-kind memorabilia and experiences. Revenue is recognized at fair value at the time the goods are delivered or experiences are fulfilled. For the years ended July 31, 2025 and 2024, MusiCares Foundation recognized $1,357,519 and $1,079,692, respectively, in sales and contributions to other fund-raising auctions.

***In-Kind Donations*—**Contributed goods are reflected in the statements of activities at their fair values. Contributed services are also reflected in the statements of activities at the fair values of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. In-kind donations are recognized on the date of donation for the contributed goods and over the course of the service period for contributed services provided. For the years ended July 31, 2025 and 2024, MusiCares Foundation recognized $728,658 and $751,871, respectively, in contributed goods and services, which are reflected in in-kind donations in the statements of activities (refer to Note 9).

Functional Expenses—The costs of providing program and other activities have been summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services expenses. Such allocations are determined by management on an equitable basis, based on time and effort.

Income Taxes—MusiCares Foundation accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. During the years ended July 31, 2025 and 2024, MusiCares Foundation did not record any liability for unrecognized tax benefits.

Financial Instruments—Financial instruments consist of cash equivalents, receivables, receivables from the GRAMMY Museum and The Latin Academy of Recording Arts & Sciences (“The Latin Recording Academy”), investments, accounts payable and accrued liabilities, and payables to The Recording Academy. Assets and liabilities, other than investments, are stated at cost, which closely approximates their carrying values due to their short-term maturities and as these are the amounts at which they are expected to be realized or liquidated. Refer to Note 4 for information related to the fair value of investments.

Commitments and Contingencies—MusiCares Foundation provides financial grants to eligible music people struggling with financial, medical, or personal crises. Grants awarded range in value and can be used for past due, current, or future basic living costs, medical bills, and similar expenses. Payments are distributed to third-party creditors on behalf of the grantee at the time the grantee provides supporting documentation. A grantee’s personal circumstances may change; thus, a portion of the awarded grant may never be drawn upon.

MusiCares Foundation is, from time to time, the subject of litigation, claims, and assessments arising out of matters occurring in its normal business operations. In the opinion of management, resolution of these matters will not have a material adverse effect on MusiCares Foundation’s financial position or changes in net assets.

Reclassifications—Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

3. AVAILABILITY AND LIQUIDITY

The following represents MusiCares Foundation’s financial assets available within one year for general expenditure at July 31, 2025 and 2024:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 9,455,821	$ 6,468,418
Receivables	837,472	839,501
Receivable from affiliates	550	1,173
Total financial assets	$ 10,293,843	$ 7,309,092

MusiCares Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of its liquidity plan, excess cash is invested in short-term investments.

In addition to financial assets available to meet general expenditures over the next 12 months, MusiCares Foundation anticipates collecting sufficient revenue to cover general expenditures. Anticipated ongoing revenue includes, but is not limited to, event sales, sponsorships, auction proceeds, and contributions, as well as significant annual support from The Recording Academy. Contributions from The Recording Academy are budgeted at $2,000,000 for the fiscal year ended July 31, 2026. Affiliate contributions are recognized at the time they are received.

As a fund-raising organization, MusiCares Foundation receives significant contributions each year from donors, which are available for current programmatic and operating expenditures. Therefore, no Board-designated funds were appropriated in 2025 and 2024. However, all Board-designated funds can be made available to meet operating needs, if necessary.

4. INVESTMENTS

Investments as of July 31, 2025 and 2024, are maintained in mutual funds that primarily invest in equity, fixed-income, and alternative investments.

MusiCares Foundation presents its investments in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* (FASB ASC 820). FASB ASC 820 requires classifying holdings as Level 1, Level 2, or Level 3 in a fair value hierarchy based upon various inputs or methodologies used to value the holdings, as summarized below:

***Level 1*—**Quoted prices in active markets for identical assets.

MusiCares Foundation's Level 1 investments include cash equivalents and investments registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940.

Cash equivalents represent cash held by MusiCares Foundation's investment managers, which will be invested based on MusiCares Foundation's investment strategy. Cash equivalents are included within cash and cash equivalents in the statements of financial position.

***Level 2*—**Significant observable market-based inputs, other than Level 1 quoted prices, or unobservable inputs that are corroborated by market data.

MusiCares Foundation does not hold any investments classified as Level 2.

***Level 3*—**Significant unobservable inputs that are not corroborated by observable market data.

MusiCares Foundation does not hold any investments classified as Level 3.

***Alternative Investments*—**Alternative investments are valued based upon the net asset value (NAV) per share (or its equivalent) of the funds, as provided by MusiCares Foundation's investment managers. The NAV amounts are based on the fair values of the funds' various underlying investments, which are computed using limited quantitative and qualitative observations of activity for similar companies in the current market. Further, the redemption frequency of such funds ranges from daily to annually and generally requires written notice from MusiCares Foundation based on terms stipulated in the funds' offering documents or other agreements between MusiCares Foundation and the underlying fund.

The inputs or methodologies used for valuing MusiCares Foundation's holdings are not necessarily an indication of the risks associated with investing in those holdings.

The fair values of mutual funds included in Level 1 are determined by obtaining quoted prices on nationally recognized securities exchanges.

Management judgment is required to develop estimates of fair value for certain holdings. Accordingly, the estimates presented below are not necessarily indicative of the amounts MusiCares Foundation could have realized in an actual market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

If significant inputs used to measure the fair value of any investment fall into different levels of the fair value hierarchy, that investment is included in the lowest level that relates to any such input.

As of July 31, 2025, based on the fair value hierarchy outlined in FASB ASC 820, MusiCares Foundation's holdings are as follows:

	Fair Value Measurements—July 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	NAV as Practical Expedient
Total cash equivalents	$ 5,419,283	$ 5,419,283	$ -
Investments—mutual funds:			
US equity funds	$ 9,353,826	$ 9,353,826	$ -
Global equity funds	5,511,072	5,511,072	-
US fixed-income bond funds	8,054,150	8,054,150	-
Global fixed-income bond funds	523,727	523,727	-
Investments—alternatives[1]:			
Private credit funds	1,100,048	-	1,100,048
Private equity funds	2,743,268	-	2,743,268
Real estate income trusts	252,613	-	252,613
Hedge funds	338,389	-	338,389
Total investments	$ 27,877,093	$ 23,442,775	$ 4,434,318

[1] Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The fair value measurements of investments in investment funds that calculate NAV per share (or its equivalent) and that are measured using the practical expedient as of July 31, 2025, are summarized as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private credit funds	$ 1,100,048	$ -	Quarterly	None
Private equity funds	2,743,268	706,841	Quarterly, semi-annually, or illiquid (no redemptions)	None
Real estate income trusts	252,613	-	Quarterly	None
Hedge funds	338,389	-	Quarterly	None
Total	$ 4,434,318	$ 706,841		

As of July 31, 2024, based on the fair value hierarchy outlined in FASB ASC 820, MusiCares Foundation's holdings are as follows:

	Fair Value Measurements— July 2024	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**NAV as Practical Expedient**
Total cash equivalents	$ 195,155	$ 195,155	$ -
Investments—mutual funds:			
US equity funds	$ 9,400,425	$ 9,400,425	$ -
Global equity funds	5,043,922	5,043,922	-
US fixed-income bond funds	7,472,767	7,472,767	-
Global fixed-income bond funds	505,261	505,261	-
Investments—alternatives[(1)]:			
Private credit funds	1,015,582	-	1,015,582
Private equity funds	2,212,392	-	2,212,392
Real estate income trusts	248,158	-	248,158
Hedge funds	282,400	-	282,400
Total investments	$ 26,180,907	$ 22,422,375	$ 3,758,532

(1) Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The fair value measurements of investments in investment funds that calculate NAV per share (or its equivalent) and that are measured using the practical expedient as of July 31, 2024, are summarized as follows:

	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Private credit funds	$ 1,015,582	$ -	Quarterly	None
Private equity funds	2,212,392	1,042,243	Quarterly, semi-annually, or illiquid (no redemptions)	None
Real estate income trusts	248,158	-	Quarterly	None
Hedge funds	282,400	-	Quarterly	None
Total	$ 3,758,532	$ 1,042,243		

Transfers between levels of the fair value hierarchy are recognized based on the beginning fair value of the fiscal year in which they occur. There were no significant transfers of investments between levels of the fair value hierarchy during 2025 or 2024.

The fair value of other financial instruments is discussed in Note 2.

5. AFFILIATED ENTITY TRANSACTIONS

The Recording Academy was organized in 1957 to advance the arts and sciences of recording and to foster creative leadership for artistic, cultural, educational, and technical progress in the recording field. A primary activity of The Recording Academy is the recognition of outstanding creative and technical achievements in the recording arts of those deemed to be most worthy by their peers through the annual presentation of the GRAMMY Awards.

Grammy Global Ventures was organized in 2022 by The Recording Academy to license its trademark and intellectual property.

The Recording Academy, with the collaboration and financial support of Anschutz Entertainment Group, created the GRAMMY Museum. The GRAMMY Museum operates the museum, which opened in December 2008.

The Latin Recording Academy was organized in 1997 by The Recording Academy to advance the arts and sciences of recording and to foster creative leadership for artistic, cultural, educational, and technical progress in the recording field of Latin music.

In 2025, MusiCares Foundation received cash and noncash contributions from The Recording Academy, The Latin Recording Academy, GRAMMY Museum, and Grammy Global Ventures amounting to $3,695,581, $100,000, $118,000, and $6,000, respectively. In 2024, MusiCares Foundation received cash and noncash contributions from The Recording Academy, The Latin Recording Academy, GRAMMY Museum, and Grammy Global Ventures amounting to $3,517,113, $76,000, $49,5000, and $103,000, respectively. Contributions received from Grammy Global Ventures, The Latin Recording Academy, and GRAMMY Museum are general cash contributions related to the Person of the Year Dinner/Auction. The details about the contributions received from The Recording Academy are described below:

	2025	**2024**
Cash contributions—general cash contributions:		
Contributions	$ 2,582,500	$ 2,375,000
Musicians Assistance Program Fund (program)	1,851	23,883
Person of the Year Dinner/Auction	728,000	750,500
Total cash contributions	3,312,351	3,149,383
Noncash contributions:		
Discounted rent	325,230	325,230
GRAMMY show tickets	28,000	42,500
Advertising	30,000	-
Total noncash contributions	383,230	367,730
Total cash and noncash contributions	$ 3,695,581	$ 3,517,113

Total contributions from The Recording Academy provided approximately 11% and 18% of total support and revenue in 2025 and 2024, respectively. Program-related contributions are shown as net assets with donor restrictions for the specific programs included in the statements of activities.

The Recording Academy has historically made general cash contributions to MusiCares Foundation to support ongoing operations. Through The Recording Academy's budgetary process, its board of trustees voted to make a discretionary unconditional cash contribution payment of $2,000,000 to MusiCares Foundation for the fiscal year ending July 31, 2026. This contribution is subject to approval by the Board of Trustees of The Recording Academy and will be recorded by MusiCares Foundation as contribution revenue at the time it is received.

MusiCares Foundation was billed by The Recording Academy for certain operating expenses incurred on its behalf amounting to $1,042,613 and $1,021,857 in 2025 and 2024, respectively. Details about the operating expenses are as follows:

	2025	2024
Salaries and benefits	$ 305,257	$ 280,523
Rent expense	325,230	325,230
Other operating expenses (shared services)	412,126	416,104
Total expenses billed by The Recording Academy	$ 1,042,613	$ 1,021,857

MusiCares Foundation billed certain affiliated entities during 2025 for the face value of tickets for events. The face value of the tickets purchased by The Recording Academy, GRAMMY Museum, Grammy Global Ventures, and The Latin Recording Academy for the years ended July 31, 2025 and 2024, is as follows:

	2025	2024
The Recording Academy	$ 835,000	$ 867,500
GRAMMY Museum	136,000	55,500
GRAMMY Global Ventures	7,500	116,000
The Latin Recording Academy	-	100,000

MusiCares Foundation was billed by The Recording Academy $37,000 and $17,500 for the face value of tickets for the annual GRAMMY Awards telecast in 2025 and 2024, respectively. MusiCares Foundation was billed by the GRAMMY Museum $20,000 for the face value of tickets for the annual GRAMMY Hall of Fame Gala in 2025. MusiCares Foundation was also billed by The Latin Recording Academy $2,500 and $0 for the face value of tickets in 2025 and 2024, respectively.

6. BENEFIT PLANS

401(k) Plan—Eligible employees working for MusiCares Foundation who qualify based on age and length of service, participate in a multiemployer 401(k) plan sponsored by The Recording Academy. Each year, participants of the plan may elect to contribute a percentage of their wages, subject to Internal Revenue Service (IRS) limitations. MusiCares Foundation matched its employees' elective deferral contributions up to the IRS maximum by a match of 50% and 50% for 2025 and 2024, respectively. During the years ended July 31, 2025 and 2024, MusiCares Foundation's matching contribution was $146,376 and $137,293, respectively. Additionally, for each plan year, MusiCares Foundation has the option of making an employer discretionary match. No discretionary match was made in 2025 or 2024.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of July 31, 2025 and 2024, are restricted for the following purpose:

	2025	2024
Los Angeles Fire Relief Fund	$ 4,349,395	$ -
Humans of Hip Hop program	287,836	-
Total net assets with donor restrictions	$ 4,637,231	$ -

During the fiscal years ended July 31, 2025 and 2024, MusiCares Foundation incurred expenses that satisfied the restricted purposes and time specified by donors. The net assets released from net assets with donor restrictions during the fiscal years ended July 31, 2025 and 2024, are as follows:

	2025	2024
Purpose/time restrictions accomplished:		
Los Angeles Fire Relief Fund	$ 8,202,477	$ -
Humans of Hip Hop program	2,036,571	1,071,475
The Day That Music Cares	-	350,000
Mental health & addiction recovery (formerly MAP Fund)	338,562	271,357
Natural Disaster Fund	379,426	14,125
Financial assistance program	85,511	92,894
Total net assets released from purpose/time restrictions	$ 11,042,547	$ 1,799,851

In January 2025, extreme fires tore through Los Angeles, California. In response to the unprecedented devastation, MusiCares Foundation launched relief efforts to aid eligible music professionals in need with $1,500 financial assistance payments and $500 grocery cards to support near-term needs, such as necessities and evacuation costs. Beyond financial support, MusiCares Foundation provided mental health resources, weekly support groups, and additional aid to help individuals and families recover. More substantial support was provided to individuals with considerable impact, including assistance for damaged equipment, medical needs, and rental assistance. These donor-restricted contributions totaled $12,551,872 for the year ended July 31, 2025, of which $582,500 was contributed by the Recording Academy. The satisfaction of these donor-restricted funds totaled $8,202,477 for the year ended July 31, 2025. The remaining funds are expected to be spent during the year ending July 31, 2026, as more substantial support is being provided to individuals with considerable impact including assistance for damaged equipment, medical needs, and rental assistance.

In September and October 2024, Hurricanes Helene and Milton wreaked havoc in the Carolinas and rest of the south. A year earlier, in August 2023, a series of wildfires devastated communities on the island of Maui. MusiCares Foundation worked quickly to provide disaster relief to those impacted. Assistance included coverage of basic living expenses, such as shelter, food, utilities, and transportation; medical expenses; clothing; music instrument and recording equipment replacement; relocation costs; home repairs; and more. These donor-restricted contributions totaled $379,426 and $11,125 for the years ended July 31, 2025 and 2024, respectively. The satisfaction of these donor-restricted funds totaled $379,426 and $14,125 for the years ended July 31, 2025 and 2024, respectively.

In June 2023, MusiCares Foundation established the Humans of Hip Hop program directed at providing resources tailored to the needs of the hip hop community nationwide. These donor-restricted contributions totaled $2,324,407 and $590,926 for the years ended July 31, 2025 and 2024, respectively. The satisfaction of these donor-restricted funds totaled $2,036,571 and $1,071,475 for the years ended July 31, 2025 and 2024, respectively.

8. PROPERTY—NET

Property as of July 31, 2025 and 2024, consisted of the following:

	2025	2024
Office equipment	$ 909	$ 909
Computer equipment and software	269,079	269,079
Furniture and fixtures	104,096	104,096
Total property	374,084	374,084
Less accumulated depreciation	(333,190)	(322,402)
Property—net	$ 40,894	$ 51,682

Depreciation expenses amounted to $10,788 and $10,788 for 2025 and 2024, respectively.

There were no gains or losses on disposal of property during the years ended July 31, 2025 and 2024.

9. IN-KIND DONATIONS

For the years ended July 31, 2025 and 2024, MusiCares Foundation received the following contributions of nonfinancial assets:

	2025	2024
Person of the Year:		
Equipment rental	$ 237,971	$ 241,701
Catering	94,457	69,371
Advertising	-	72,500
Merchandise and supplies	7,800	4,480
Other professional services	2,600	4,000
Photography	2,100	-
Total Person of the Year	344,928	392,052
House Concerts:		
Catering	-	3,089
Total House Concerts	-	3,089
Humans of Hip Hop program:		
Site rental	500	-
Total Humans of Hip Hop program	500	-
Contributions from The Recording Academy:		
Discounted rent	325,230	325,230
GRAMMY show tickets	28,000	42,500
Advertising	30,000	-
Total contributions from The Recording Academy	383,230	367,730
Total in-kind donations	$ 728,658	$ 762,871

Donated goods or services related to the Person of the Year Dinner/Auction event are made as contributions or in exchange for event tickets, tables, and sponsorships, and are recognized when the event takes place. These contributed goods or services were used in hosting the event and have an estimated fair value of $344,928 and $392,052 in 2025 and 2024, respectively.

Donated goods or services related to House Concerts were made as contributions and were recognized when the event took place. These contributed goods or services include catering and had an estimated value of $0 and $3,089 in 2025 and 2024, respectively.

Donated goods or services related to the Humans of Hip Hop program were made as contributions and were recognized when the event took place. These contributed goods or services include site rental and had an estimated value of $500 and $0 in 2025 and 2024, respectively.

In-kind donations from The Recording Academy include discounted rent and donated event tickets and advertising in the amounts of $383,230 and $367,730 for the years ended July 31, 2025 and 2024, respectively. GRAMMY Awards tickets are sold at auction to raise money for MusiCares Foundation.

10. SUBSEQUENT EVENTS

MusiCares Foundation has evaluated subsequent events through February 5, 2026, the date the financial statements were available to be issued, and has determined there are no subsequent events that require disclosure in these audited financial statements.

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