MUSIC HAVEN, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>1</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>3-4</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>5-6</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>8-13</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Music Haven, Inc.
New Haven, Connecticut

We have audited the accompanying financial statements of Music Haven, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Music Haven, Inc. as of June 30, 2017 and 2016, 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.

Bailey Scarano, LLC
Branford, Connecticut
September 18, 2017
MUSIC HAVEN, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2017 and 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
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<td>$298,812</td>
</tr>
<tr>
<td>Investments</td>
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<td>103,045</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>19,900</td>
<td>7,912</td>
</tr>
<tr>
<td>Total</td>
<td>399,523</td>
<td>409,769</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>83,427</td>
<td>68,434</td>
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<tr>
<td>Equipment, net</td>
<td>64,141</td>
<td>49,957</td>
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<tr>
<td>Total</td>
<td>19,286</td>
<td>18,477</td>
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<tr>
<td>LIABILITIES AND NET ASSETS</td>
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<td></td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
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<tr>
<td>Accounts payable</td>
<td>$1,730</td>
<td>$604</td>
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<tr>
<td>Accrued expenses</td>
<td>13,790</td>
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<td>Total</td>
<td>15,520</td>
<td>13,675</td>
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<td>NET ASSETS</td>
<td></td>
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<tr>
<td>Unrestricted</td>
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<td>399,580</td>
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<tr>
<td>Temporarily restricted</td>
<td>14,991</td>
<td>14,991</td>
</tr>
<tr>
<td>Total</td>
<td>403,289</td>
<td>414,571</td>
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<tr>
<td>Total</td>
<td>$418,809</td>
<td>$428,246</td>
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See accompanying notes and independent auditors' report.
MUSIC HAVEN, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2017

REVENUES AND OTHER SUPPORT

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ 339,436</td>
<td>$</td>
<td>$ 339,436</td>
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<tr>
<td>Individual contributions</td>
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<td>-</td>
<td>170,442</td>
</tr>
<tr>
<td>Program service</td>
<td>27,383</td>
<td>-</td>
<td>27,383</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>14,011</td>
<td>-</td>
<td>14,011</td>
</tr>
<tr>
<td>Contributed goods</td>
<td>5,839</td>
<td>-</td>
<td>5,839</td>
</tr>
<tr>
<td>Interest</td>
<td>869</td>
<td>-</td>
<td>869</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>19</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>557,999</strong></td>
<td></td>
<td><strong>557,999</strong></td>
</tr>
</tbody>
</table>

EXPENSES

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>483,538</td>
<td>-</td>
<td>483,538</td>
</tr>
<tr>
<td>Management and general</td>
<td>62,261</td>
<td>-</td>
<td>62,261</td>
</tr>
<tr>
<td>Fundraising</td>
<td>23,482</td>
<td>-</td>
<td>23,482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>569,281</strong></td>
<td></td>
<td><strong>569,281</strong></td>
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</tbody>
</table>

DECREASE IN NET ASSETS

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(11,282)</td>
<td>-</td>
<td>(11,282)</td>
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</tbody>
</table>

NET ASSETS - BEGINNING OF YEAR

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>399,580</td>
<td>14,991</td>
<td>414,571</td>
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</tbody>
</table>

NET ASSETS - END OF YEAR

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 388,298</td>
<td>$ 14,991</td>
<td>$ 403,289</td>
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</table>

See accompanying notes and independent auditors' report.

-3-
MUSIC HAVEN, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2016

<table>
<thead>
<tr>
<th>REVENUES AND OTHER SUPPORT</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ 275,031</td>
<td>$ -</td>
<td>$ 275,031</td>
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<tr>
<td>Individual contributions</td>
<td>233,042</td>
<td>-</td>
<td>233,042</td>
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<tr>
<td>Program service</td>
<td>39,993</td>
<td>-</td>
<td>39,993</td>
</tr>
<tr>
<td>Contributed goods</td>
<td>6,920</td>
<td>-</td>
<td>6,920</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>5,059</td>
<td>-</td>
<td>5,059</td>
</tr>
<tr>
<td>Interest</td>
<td>1,189</td>
<td>-</td>
<td>1,189</td>
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<tr>
<td>Fellowship contributions</td>
<td>-</td>
<td>10,500</td>
<td>10,500</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>561,234</strong></td>
<td><strong>10,500</strong></td>
<td><strong>571,734</strong></td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
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<td>-</td>
<td>532,723</td>
</tr>
<tr>
<td>Management and general</td>
<td>59,336</td>
<td>-</td>
<td>59,336</td>
</tr>
<tr>
<td>Fundraising</td>
<td>26,265</td>
<td>-</td>
<td>26,265</td>
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<td><strong>Total</strong></td>
<td><strong>618,324</strong></td>
<td>-</td>
<td><strong>618,324</strong></td>
</tr>
</tbody>
</table>

(DECREASE) INCREASE IN NET ASSETS

| (DECREASE) INCREASE IN NET ASSETS         | (57,090)     | 10,500                 | (46,590) |

NET ASSETS - BEGINNING OF YEAR

| NET ASSETS - BEGINNING OF YEAR             | 456,670      | 4,491                  | 461,161  |

NET ASSETS - END OF YEAR

| NET ASSETS - END OF YEAR                   | $ 399,580    | $ 14,991               | $ 414,571 |

See accompanying notes and independent auditors' report.
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll - salaries and wages</td>
<td>279,777</td>
<td>32,915</td>
<td>16,458</td>
<td>$ 329,150</td>
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<tr>
<td>Payroll - officer</td>
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<td>7,000</td>
<td>3,500</td>
<td>70,000</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>29,211</td>
<td>3,437</td>
<td>1,718</td>
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<tr>
<td>Professional fees</td>
<td>21,953</td>
<td></td>
<td></td>
<td>21,953</td>
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<tr>
<td>Employee benefits</td>
<td>16,490</td>
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<td>970</td>
<td>19,400</td>
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<tr>
<td>Rent</td>
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<td>1,671</td>
<td>836</td>
<td>16,711</td>
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<tr>
<td>Depreciation</td>
<td>14,184</td>
<td></td>
<td></td>
<td>14,184</td>
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<tr>
<td>Printing</td>
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<td>12,802</td>
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<tr>
<td>Advertising</td>
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<td>12,495</td>
</tr>
<tr>
<td>Supplies</td>
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<td></td>
<td></td>
<td>6,286</td>
</tr>
<tr>
<td>Meals and entertainment</td>
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<td>5,974</td>
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<td>Utilities</td>
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<td></td>
<td>5,060</td>
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<tr>
<td>Computer supplies</td>
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<td></td>
<td>4,670</td>
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<tr>
<td>Insurance</td>
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<td></td>
<td>3,436</td>
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<tr>
<td>Travel</td>
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<td></td>
<td></td>
<td>3,330</td>
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<tr>
<td>Temporary help</td>
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<td></td>
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<td>3,166</td>
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<tr>
<td>Postage</td>
<td></td>
<td>2,383</td>
<td></td>
<td>2,383</td>
</tr>
<tr>
<td>Brochures and literature</td>
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<td></td>
<td>1,057</td>
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<tr>
<td>Professional development</td>
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<td>875</td>
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<tr>
<td>Musical instruments</td>
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<td></td>
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<tr>
<td>Telephone</td>
<td>598</td>
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<td></td>
<td>598</td>
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<td>Dues and subscriptions</td>
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<td></td>
<td>360</td>
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<tr>
<td>Miscellaneous</td>
<td>297</td>
<td></td>
<td></td>
<td>297</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>60</td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>Grants contracts and direct assistance</td>
<td>25</td>
<td></td>
<td></td>
<td>25</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ 483,538</strong></td>
<td><strong>$ 62,261</strong></td>
<td><strong>$ 23,482</strong></td>
<td><strong>$ 569,281</strong></td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditors' report.
MUSIC HAVEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll - salaries and wages</td>
<td>$316,400</td>
<td>$37,223</td>
<td>$18,612</td>
<td>$372,235</td>
</tr>
<tr>
<td>Payroll - officer</td>
<td>59,500</td>
<td>7,000</td>
<td>3,500</td>
<td>70,000</td>
</tr>
<tr>
<td>Payroll taxes</td>
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<td>4,442</td>
<td>2,221</td>
<td>44,417</td>
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<tr>
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<td>1,159</td>
<td>23,188</td>
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<tr>
<td>Professional fees</td>
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<td>-</td>
<td>-</td>
<td>21,682</td>
</tr>
<tr>
<td>Supplies</td>
<td>17,369</td>
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<td>-</td>
<td>17,369</td>
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<tr>
<td>Rent</td>
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<td>773</td>
<td>15,451</td>
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<td>9,237</td>
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<td>-</td>
<td>9,237</td>
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<tr>
<td>Printing</td>
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<td>-</td>
<td>8,506</td>
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<tr>
<td>Meals and entertainment</td>
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<td>-</td>
<td>6,215</td>
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<tr>
<td>Insurance</td>
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<td>-</td>
<td>-</td>
<td>5,007</td>
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<tr>
<td>Advertising</td>
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<td>3,510</td>
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<tr>
<td>Computer supplies</td>
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<td>3,509</td>
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<tr>
<td>Utilities</td>
<td>3,221</td>
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<td>3,221</td>
</tr>
<tr>
<td>Musical instruments</td>
<td>3,144</td>
<td>-</td>
<td>-</td>
<td>3,144</td>
</tr>
<tr>
<td>Temporary help</td>
<td>2,328</td>
<td>-</td>
<td>-</td>
<td>2,328</td>
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<td>Telephone</td>
<td>1,647</td>
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<td>-</td>
<td>1,647</td>
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<tr>
<td>Travel</td>
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<td>-</td>
<td>1,544</td>
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<tr>
<td>Equipment</td>
<td>1,420</td>
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<tr>
<td>Dues and subscriptions</td>
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<td>-</td>
<td>1,159</td>
</tr>
<tr>
<td>Postage</td>
<td>-</td>
<td>991</td>
<td>-</td>
<td>991</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>939</td>
<td>-</td>
<td>939</td>
</tr>
<tr>
<td>Professional development</td>
<td>849</td>
<td>-</td>
<td>-</td>
<td>849</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>483</td>
<td>-</td>
<td>-</td>
<td>483</td>
</tr>
<tr>
<td>Bank fees</td>
<td>-</td>
<td>208</td>
<td>-</td>
<td>208</td>
</tr>
<tr>
<td>Brochures and literature</td>
<td>65</td>
<td>-</td>
<td>-</td>
<td>65</td>
</tr>
</tbody>
</table>

Totals                          $532,723         $59,336                $26,265     $618,324

See accompanying notes and independent auditors' report.

-6-
CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in net assets</td>
<td>$ (11,282)</td>
<td>$ (46,590)</td>
</tr>
<tr>
<td>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,184</td>
<td>9,237</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>(9,579)</td>
<td>(212)</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>(5,000)</td>
<td>(4,874)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
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<td></td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td>(11,988)</td>
<td>21,116</td>
</tr>
<tr>
<td>Grants receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td>1,126</td>
<td>604</td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>719</td>
<td>9,879</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>(10,538)</td>
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</table>

NET CASH USED IN OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(21,820)</td>
<td>(10,840)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(2,374)</td>
<td>(102,459)</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>(5,980)</td>
<td>-</td>
</tr>
</tbody>
</table>

NET CASH USED IN INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(8,354)</td>
<td>(102,459)</td>
</tr>
</tbody>
</table>

NET DECREASE IN CASH

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(30,174)</td>
<td>(113,299)</td>
</tr>
</tbody>
</table>

CASH - BEGINNING OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>298,812</td>
<td>412,111</td>
</tr>
</tbody>
</table>

CASH - END OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 268,638</td>
<td>$ 298,812</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditors' report.
NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Music Haven, Inc. (the Organization) is an after-school musical enrichment organization for New Haven youth formed in 2006. The “Organization” was formed to promote musical education and performance for youth and their families, connecting music with social change, out-of-school programming, and community-building events. A group of professional musicians perform and mentor 75 children across the city of New Haven.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at June 30, 2017 and 2016.

Net assets of the Music Haven, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of Music Haven, Inc. and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Music Haven, Inc. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Flows

For the purposes of the statements of cash flows, the Organization considers all highly liquid
debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

The Community Foundation for Greater New Haven (CFGNH) established the Fund as a
publicly supported agency fund within the CFGNH. The proceeds are invested and managed by
the CFGNH in accordance with an investment model in use at the CFGNH. The Fund’s assets
may be added to at the CFGNH at any time and expenditures from these assets follow the
CFGNH’s Spending Rule Policy. In addition to the CFGNH Spending Policy Rule, the Fund
may direct the CFGNH to distribute an amount in accordance with its own Spending Policy Rule
that may exceed the amount generated by the annual distribution. The CFGNH may require 60 or
90 days written notice prior to a distribution based on the percent of the Fund’s total investment
being distributed. Accordingly, the CFGNH reserves the right to retain a portion of the
distribution for the Fund’s share of expenses or liabilities incurred prior to distribution. The
CFGNH may defer the payment of a withdrawal if, in its opinion, it would be disadvantageous to
the CFGNH to liquidate securities positions at the time withdrawal is requested, or if it would
affect the tax status of the CFGNH.

The Fund’s investments are stated at fair market value in accordance with FASB ASC 820 "Fair
Value Measurements and Disclosures". The Fund’s investments represent shares of various
investment pools, held at CFGNH. The CFGNH, with the assistance of their independent
advisor, calculates the value of the investments held by the CFGNH, as well as the liabilities,
based on periodic reports received by the CFGNH from various sources. There is no guarantee
that such value will represent the value that will be realized upon an immediate disposition of an
investment.

Marketable investments in debt and equity securities are carried at fair value based upon quoted
market prices from the applicable Securities Exchange in which they are actively traded.

For limited marketability investments, including alternative investments, which are principally
absolute in return strategies, private equity and real estate, the carrying value is the estimated fair
value. Because alternative investments are not immediately marketable given the nature of the
underlying strategies and terms of the governing partnership agreements, the estimated fair value is
subject to uncertainty and, therefore, may differ from the value that may be received if a ready market
had been in existence, and the difference could be material. These alternative investments take into
consideration important factors, including, but not limited to, the partner's share of the underlying
partnership's net assets, liquidity features of the partnership, the underlying portfolio holdings, the
current market conditions for observable similar transactions, external assessments of the limited
partnership's holdings, and the audit opinion from the independent auditor of the limited partnership.

Fixed income investments consist of municipal and US Treasury bonds.
NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

In accordance with FASB ASC 820, the Fund is required to measure the fair value of its assets and liabilities under a three-level hierarchy. In addition, the Fund adopted in fiscal year 2017, ASU Topic 820, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent), as issued by the Financial Accounting Standards Board. In summary, ASU Topic 820 is a practical expedient to measure the fair value of certain investments that utilize a net asset value rather than categorized under the fair value hierarchy. For those investments that do not utilize a net asset value methodology (or its equivalent), the Fund will continue to measure the fair value under the three-level hierarchy, as follows:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.

Level 3 - Significant inputs to the valuation model are unobservable.

FASB ASC 820 does not change fair value measurement; it simply enhances the disclosures to show how the value of a particular asset or liability was developed. The framework is to establish an approach to understand the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund maintains a policy to use the most relevant data or markets available.

Level 3 measurement prices, which may be based on an underlying quoted market price, observable input and/or market data contained in Level 1 and Level 2, but also requires significant judgment on observable inputs by the investee as to the net asset value per share or unit of ownership interest in the partners' capital, and where redemption would be available in a period of more than 90 days from the measurement date. Valuation methodologies by the investee include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third party pricing services and other applicable indices.

Contributions

The Organization obtains revenues through donations received from individuals, grants, and concerts. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. Sources of income vary from year to year and income in general is classified in sources by management in accordance with GAAP.

Contributed Goods

The organization received contributed goods consisting of musical supplies provided by individuals in the community. The Organization recognized $5,839 and $6,920 for the years ended June 30, 2017 and 2016, respectively, as the fair value of the contributed goods in the accompanying statement of activities.
NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment consists of musical instruments and is stated at cost. Depreciation is computed using the straight-line method to absorb the cost of the assets over their estimated useful lives as follows:

Equipment 7 years

Depreciation expense for the years ended June 30, 2017 and 2016 was $14,184 and 9,237, respectively.

The Organization has adopted a capitalization policy where items above $1,000 are capitalized and depreciated. Maintenance and repairs are charged to expense as incurred.

Income Taxes

Music Haven, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization has not engaged in any such unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization’s federal Return of Organization Exempt From Income Tax (Forms 990) are no longer subject to examination by the IRS, for the years before June 30, 2014.

Date of Management Evaluation

Management has evaluated subsequent events through September 18, 2017, the date on which the financial statements were available to be issued.

NOTE #2 – INVESTMENTS

Investments were comprised of pooled investment funds valued at $110,985 and $103,045 as of June 30, 2017 and 2016, respectively.

The following table presents the Fund’s assets measured at fair value on a recurring basis at June 30, 2017:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Investments valued at NAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketable securities</td>
<td>$ 14,404</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 52,223</td>
<td>$ 66,627</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>28,093</td>
<td>28,093</td>
</tr>
<tr>
<td>Fixed income</td>
<td>4,801</td>
<td>$ -</td>
<td>$ -</td>
<td>11,464</td>
<td>16,265</td>
</tr>
<tr>
<td>Total</td>
<td>$ 19,205</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 91,780</td>
<td>$110,985</td>
</tr>
</tbody>
</table>
NOTE #2 – INVESTMENTS (CONTINUED)

The following table presents the Fund’s assets measured at fair value on a recurring basis at June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Investments valued at NAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable securities</td>
<td>$14,980</td>
<td>$ -</td>
<td>$ -</td>
<td>$31,406</td>
<td>$46,386</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,020</td>
<td>33,020</td>
</tr>
<tr>
<td>Fixed income</td>
<td>11,916</td>
<td>-</td>
<td>-</td>
<td>11,723</td>
<td>23,639</td>
</tr>
<tr>
<td>Total</td>
<td>$26,896</td>
<td>$ -</td>
<td>$ -</td>
<td>$76,149</td>
<td>$103,045</td>
</tr>
</tbody>
</table>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$961</td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
</tr>
<tr>
<td>Realized gain</td>
<td>9,579</td>
</tr>
<tr>
<td>Unrealized gain</td>
<td>5,000</td>
</tr>
<tr>
<td>Investment fees</td>
<td>(1,529)</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$14,011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$195</td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
</tr>
<tr>
<td>Realized gain</td>
<td>212</td>
</tr>
<tr>
<td>Unrealized gain</td>
<td>4,874</td>
</tr>
<tr>
<td>Investment fees</td>
<td>(222)</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$5,059</td>
</tr>
</tbody>
</table>

NOTE #3 – GRANTS RECEIVABLE

Grants receivable consist of grant amounts awarded, but not paid to Music Haven, Inc. Grants receivable totaled $19,900 and $7,912 as of June 30, 2017 and 2016, respectively.

NOTE #4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the purposes of high school fellowship stipends and instrument purchases. As of June 30, 2017 and 2016, temporarily restricted net assets totaled $14,991, respectively.
NOTE #5 – GRANT REVENUE

Grant revenue consists of the following amounts donated to Music Haven, Inc. as of June 30, 2017

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of New Haven</td>
<td>$64,559</td>
</tr>
<tr>
<td>Community Foundation for Greater New Haven</td>
<td>51,438</td>
</tr>
<tr>
<td>Common Sense Fund</td>
<td>50,000</td>
</tr>
<tr>
<td>CT Commission on Arts</td>
<td>20,000</td>
</tr>
<tr>
<td>Blair Fund</td>
<td>20,000</td>
</tr>
<tr>
<td>International Association of New Haven</td>
<td>20,000</td>
</tr>
<tr>
<td>F. J. Foundation</td>
<td>20,000</td>
</tr>
<tr>
<td>Stephen Altshul Foundation</td>
<td>20,000</td>
</tr>
<tr>
<td>NewAlliance Foundation</td>
<td>17,500</td>
</tr>
<tr>
<td>Anne Bianchi Gundersen Foundation</td>
<td>15,000</td>
</tr>
<tr>
<td>National Endowment for the Arts</td>
<td>10,000</td>
</tr>
<tr>
<td>Seymour L. Lustman Memorial Fund</td>
<td>10,000</td>
</tr>
<tr>
<td>Skye Foundation</td>
<td>5,000</td>
</tr>
<tr>
<td>Liberty Bank</td>
<td>2,500</td>
</tr>
<tr>
<td>Yale Office of New Haven &amp; State Affairs</td>
<td>2,500</td>
</tr>
<tr>
<td>New Haven Investment Fund</td>
<td>2,500</td>
</tr>
<tr>
<td>Yale New Haven Hospital</td>
<td>2,250</td>
</tr>
<tr>
<td>JANA Foundation</td>
<td>2,000</td>
</tr>
<tr>
<td>Curran Foundation</td>
<td>1,000</td>
</tr>
<tr>
<td>Frontier</td>
<td>1,000</td>
</tr>
<tr>
<td>Pfizer</td>
<td>800</td>
</tr>
<tr>
<td>Hagani Foundation</td>
<td>500</td>
</tr>
<tr>
<td>Benevity Community</td>
<td>350</td>
</tr>
<tr>
<td>Marcum LLP</td>
<td>310</td>
</tr>
<tr>
<td>Just Give</td>
<td>100</td>
</tr>
<tr>
<td>Allied World</td>
<td>50</td>
</tr>
<tr>
<td>United Way</td>
<td>45</td>
</tr>
<tr>
<td>Helping Hands</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$339,436</strong></td>
</tr>
</tbody>
</table>

NOTE #6 - LEASE

Saint Luke’s Development Corporation had granted Music Haven, Inc. a lease to use certain premises in the building on the property located at 117 Whalley Avenue, New Haven, Connecticut. This lease commenced on March 18, 2014, and was extended until August 31, 2017. Erector Square LLC has granted Music Haven, Inc. a lease to use certain premises in building No. 5 on the property located at 315 Peck Street, New Haven, Connecticut. This lease commenced on July 13, 2017 and will end on July 13, 2022. During the first year, monthly rent will be $4,578 and will then increase 2% per year for the second through fifth lease years.