

CREATIVETS

AUDITED FINANCIAL STATEMENTS

**Year Ended June 30, 2020
(With Comparative Totals for 2019)**

CREATIVETS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CreatiVets

We have audited the accompanying financial statements of CreatiVets (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CreatiVets as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CreatiVets' financial statements for the year ended June 30, 2019, and our report dated December 5, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "UHY LLP". The letters are stylized and cursive.

St. Louis, Missouri
January 11, 2021

CREATIVETS
STATEMENT OF FINANCIAL POSITION
June 30, 2020 (With Comparative Totals for 2019)

	June 30,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 262,661	\$ 221,731
Promise-to-give	25,000	22,905
Prepaid expenses	12,793	2,866
Property and equipment	23,543	5,902
Intangible assets	-	-
Total assets	<u>\$ 323,997</u>	<u>\$ 253,404</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 4,726	\$ 3,800
Accrued expenses - compensation	21,530	-
Grant advance - Paycheck Protection Program	1,790	-
Deferred rent	12,608	-
Total liabilities	<u>40,654</u>	<u>3,800</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated - available for operations	217,103	164,604
Net assets with donor restrictions	<u>66,240</u>	<u>85,000</u>
Total net assets	<u>283,343</u>	<u>249,604</u>
Total liabilities and net assets	<u>\$ 323,997</u>	<u>\$ 253,404</u>

See notes to financial statements.

CREATIVETS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Years Ended June 30,			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUES				
Public Support				
Contributions and grants				
Contributions				
Regular	\$ 267,238	\$ 12,100	\$ 279,338	\$ 265,287
Non-sponsored events	1,245	-	1,245	42,640
In-kind contributions	151,876	-	151,876	27,451
	420,359	12,100	432,459	335,378
Grants	136,000	50,000	186,000	42,000
Grant - Paycheck Protection Program	33,000	-	33,000	-
Total contributions and grants	589,359	62,100	651,459	377,378
Net assets released from restrictions	80,860	(80,860)	-	-
Total public support	670,219	(18,760)	651,459	377,378
Special event				
Contributions	-	-	-	27,822
Revenue	-	-	-	8,510
Direct expenses	-	-	-	(12,242)
	-	-	-	24,090
Revenues				
Insurance proceeds	10,000	-	10,000	-
Interest income and other	2,822	-	2,822	2,300
Total public support and revenues	683,041	(18,760)	664,281	403,768
EXPENSES				
Program services				
Songwriting	367,016	-	367,016	75,397
Art	97,798	-	97,798	144,325
Total program services	464,814	-	464,814	219,722
Supporting services				
Management and general	98,399	-	98,399	55,118
Fundraising	67,329	-	67,329	27,256
Total supporting services	165,728	-	165,728	82,374
Total expenses	630,542	-	630,542	302,096
CHANGES IN NET ASSETS	52,499	(18,760)	33,739	101,672
NET ASSETS, Beginning	164,604	85,000	249,604	147,932
NET ASSETS, Ending	\$ 217,103	\$ 66,240	\$ 283,343	\$ 249,604

See notes to financial statements.

CREATIVETS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Years Ended June 30,								
	2020								2019
	Program Services				Supporting Services				
	Song- Writing	Art	Shared Program Development	Total	Management and General	Fundraising	Total	Total	
SALARIES	\$ -	\$ -	\$ 118,478	\$ 118,478	\$ 52,519	45,731	\$ 98,250	\$ 216,728	\$ 78,900
EMPLOYEE BENEFITS	-	-	448	448	372	-	372	820	481
PAYROLL TAXES	-	-	9,685	9,685	4,294	3,738	8,032	17,717	5,355
	-	-	128,611	128,611	57,185	49,469	106,654	235,265	84,736
ADVERTISING	-	-	11	11	319	2,012	2,331	2,342	1,350
AUTO AND TRANSPORTATION	4,305	73	88	4,466	-	608	608	5,074	6,560
BANK FEES	-	-	-	-	292	726	1,018	1,018	1,423
DEMO AND CDS	8,000	-	7,980	15,980	-	-	-	15,980	12,425
DEPRECIATION	-	-	-	-	3,163	-	3,163	3,163	951
EVENT FEES	16,000	5,424	60	21,484	-	-	-	21,484	8,345
HOUSING	7,592	13,420	367	21,379	-	484	484	21,863	28,791
INDEPENDENT CONTRACTORS	-	-	-	-	-	-	-	-	15,500
INSURANCE	-	-	-	-	675	-	675	675	1,317
INTERNET	-	-	-	-	-	-	-	-	134
MEALS	7,208	8,882	699	16,789	33	409	442	17,231	21,860
MEALS - IN-KIND	304	-	-	304	-	-	-	304	240
OFFICE RENT	-	-	10,312	10,312	2,296	-	2,296	12,608	-
OTHER EXPENSES	2,057	1,412	69	3,538	987	2,118	3,105	6,643	7,123
POSTAGE	279	995	1,283	2,557	716	477	1,193	3,750	366
PROFESSIONAL FEES	17,600	4,500	-	22,100	25,817	2,865	28,682	50,782	21,230
PROFESSIONAL FEES - IN-KIND	79,634	2,176	24,694	106,504	550	-	550	107,054	3,000
SOFTWARE LICENSES - IN KIND	-	-	-	-	5,250	5,250	10,500	10,500	7,500
STORAGE AND STUDIO	-	-	12,118	12,118	-	-	-	12,118	2,166
SUPPLIES	1,843	2,771	368	4,982	1,116	554	1,670	6,652	4,694
SUPPLIES AND OTHER - IN-KIND	44,518	-	-	44,518	-	-	-	44,518	3,078
TUITION	5,590	22,712	-	28,302	-	-	-	28,302	53,904
TRAVEL	10,029	8,251	1,897	20,177	-	2,357	2,357	22,534	27,645
VIDEO PRODUCTION AND MASTERS	-	682	-	682	-	-	-	682	-
SUBTOTAL	204,959	71,298	188,557	464,814	98,399	67,329	165,728	630,542	314,338
ALLOCATION OF SHARED PROGRAM DEVELOPMENT	162,057	26,500	(188,557)	-	-	-	-	-	-
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES	-	-	-	-	-	-	-	-	(12,242)
TOTAL - 2020	\$ 367,016	\$ 97,798	\$ -	\$ 464,814	\$ 98,399	\$ 67,329	\$ 165,728	\$ 630,542	
PERCENTAGE - 2020	58.2 %	15.4 %	- %	73.6 %	15.7 %	10.7 %	26.4 %	100.0 %	
TOTAL - 2019	\$ 75,397	\$ 144,325	\$ -	\$ 219,722	\$ 55,118	\$ 27,256	\$ 82,374		\$ 302,096
PERCENTAGE - 2019	25.0 %	47.8 %	- %	72.7 %	18.2 %	9.0 %	27.3 %		100.0 %

CREATIVETS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020 (With Comparative Totals for 2019)

	<u>Years Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ 33,739	\$ 101,672
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	3,163	951
Donation of property and equipment	-	(3,133)
Changes in		
Promises-to-give	(2,095)	(11,603)
Prepaid expenses	(9,927)	(568)
Accounts payable	926	(40,214)
Accrued expenses - compensation	21,530	-
Grant advance - Paycheck Protection Program	1,790	-
Deferred rent	12,608	-
Net cash provided by operating activities	<u>61,734</u>	<u>47,105</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(20,804)</u>	<u>(1,320)</u>
Net cash used by investing activities	<u>(20,804)</u>	<u>(1,320)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,930	45,785
CASH AND CASH EQUIVALENTS, Beginning	<u>221,731</u>	<u>175,946</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 262,661</u>	<u>\$ 221,731</u>
SUPPLEMENTAL DISCLOSURE		
Noncash investing activities		
Acquisition of property and equipment through donated services	<u>\$ -</u>	<u>\$ 3,133</u>

See notes to financial statements.

CREATIVETS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 (With Comparative Totals for 2019)

NOTE 1 — HISTORY AND BUSINESS ACTIVITY

CreatiVets was formed on July 19, 2013 in the State of Illinois as a not-for-profit Corporation. CreatiVets' mission is to provide combat veterans struggling with post-traumatic stress and traumatic brain injury with opportunities to use music, and art to heal their unseen wounds of war. The goal of CreatiVets programs is to empower veterans with tools they can use for the rest of their lives to combat stress, depression and other side effects of war, and to enable veterans to see their own capacity for success in an arena outside of the battlefield.

Covid-19 Pandemic Program Impact

As a result of Covid-19, some programs and operations were cancelled during the period March to June 2020. CreatiVets was able to move song writing activities to online streaming and created online content, which allowed CreatiVets to increase the number of veterans participating in this program. CreatiVets applied and was successful in securing a Paycheck Protection Program loan for \$34,790 in May 2020. CreatiVets continues to evaluate and monitor its programming and operations.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding CreatiVets' financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied.

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 that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

CreatiVets' resources are classified for accounting and reporting purposes into two asset categories according to externally (donor) imposed restrictions.

A description of the two net asset categories are as follows:

Net Assets Without Donor Restrictions - Includes resources available for support of program services and operations, which have no donor imposed restrictions (unrestricted). All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net Assets With Donor Restrictions - Represents those net assets whose use has been limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and the income from such resources can be spent for program related expenses. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CreatiVets' financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Description of Program Services

The following program services are included in the accompanying financial statements:

Songwriting Program

CreatiVets' songwriting program takes veterans struggling with post-traumatic stress and/or traumatic brain injury and pairs them with accomplished songwriters to allow them to write a song that expresses their story and teaches them the benefits of music and writing as a form of stress and anxiety relief.

Art Program

CreatiVets has partnered with the School of the Art Institute of Chicago (SAIC) and USC Roski School of Fine Arts (USC) to provide a multiple week, fully-accredited immersion art program for disabled veterans at no cost to themselves; SAIC hosted in 2020 and 2019 and USC hosted in 2019. Veterans have full access to studios and equipment at the school, and the program gives them an opportunity to create and discuss art with some of the best art instructors in the country. Through the process, veterans learn the benefits of using art as a form of stress and anxiety relief, as well as a way to tell their stories.

Cash and Cash Equivalents

Cash and cash equivalents consists of checking, savings, and money market accounts. CreatiVets from time to time during the year may have bank balances in excess of its insured limits. Management has deemed this as normal business risk.

Promises-to-Give

Promises-to-give are recognized as revenues in the period the promises are received. The Organization provides an allowance for doubtful promises-to-give equal to the estimated collection losses that will be incurred in collection of all promises-to-give. The estimated losses are based on a review of the current status of the existing promises-to-give. The loss on uncollectible balances was \$-0- for the years ended June 30, 2020 and 2019. Management is of the opinion that no allowance is necessary. There are no promises-to-give with due dates extending beyond one year.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost for purchased assets or at fair value, for contributed assets. Depreciation is computed using the straight-line method over the estimated useful lives:

	<u>Years</u>
Website and Software	3
Audio and Video Equipment	5
Art Program Equipment	5
Leasehold Improvements	5

Intangible Assets

CreatiVets owns a portion of the copyright in the composition and sound recording of each song written through its Songwriting program. CreatiVets does not commercialize any of the songs composition or recording, therefore, intangible assets are not capitalized in the accompanying financial statements.

Deferred Rent

Deferred rent relates to office space lease. CreatiVets records lease expenses on a straight-line basis on this lease based on the total rental payments due over the term of the lease. The difference between rent expense and the amount paid is charged to deferred rent.

Revenue Recognition - Contributions and Grants

Contributions are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. CreatiVets reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in net assets with donor restrictions for restrictions expiring during the fiscal year, and then transferred to net assets without donor restrictions.

CreatiVets' grants revenue stream is considered contribution revenue. Contribution and grant revenues are either recognized upon receipt if there are no conditions or recognized as conditions are satisfied.

Donated Services and Supplies

Certain professional services are donated to CreatiVets by various organizations and individuals and are recorded at fair value at the date of donation.

Various supplies are donated to CreatiVets. These items are recorded as contributions at their respective estimated fair values at the date of the donation.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Supplies (Continued)

Those donated services and supplies, which are reflected as public support and expenses in the accompanying statement of activities, included the following:

	Years Ended June 30,			
	Revenues		Expenses	
	2020	2019	2020	2019
Accounting Services	\$ -	\$ 1,500	\$ -	\$ 1,500
Legal Services	16,706	1,500	16,706	1,500
Program Services	84,710	-	84,710	-
Website and Graphic Design Services	5,638	3,133	5,638	-
	<u>107,054</u>	<u>6,133</u>	<u>107,054</u>	<u>3,000</u>
Meals	304	240	304	240
Supplies and Other	44,518	3,078	44,518	3,078
Software Licenses (*)	-	18,000	10,500	7,500
	<u>44,822</u>	<u>21,318</u>	<u>55,322</u>	<u>10,818</u>
	<u>\$ 151,876</u>	<u>\$ 27,451</u>	<u>\$ 162,376</u>	<u>\$ 13,818</u>

(*) Software licenses were donated for one year. The remaining amount of the donation was included in promises-to-give as of June 30, 2019 and was recorded as expense during the period of service.

Functional Allocation of Expenses

The costs associated with providing CreatiVets activities have been summarized on a functional basis. Certain of these expenses represent costs associated with multiple activities and require allocation among the program and supporting services benefited. Functional expenses have been allocated between program services and supporting services based on an analysis of the proportion of participants in each program to the total number of participants. In addition, certain costs have been directly allocated among the programs and supporting services benefited.

Income Taxes

CreatiVets constitutes a qualified, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income under Section 501(a) of the Code.

Concentration of Credit Risk

Financial instruments, which potentially subject CreatiVets to concentration of credit risk, consist principally of cash. CreatiVets places its cash and cash equivalents with high credit quality financial institutions.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Adopted

In June 2018, the FASB issued ASU No. 2018-08 – Not-for-profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU No. 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. CreatiVets adopted this standard using modified retrospective approach. The cumulative effect of initially applying the guidance had no impact on the opening balance of net assets as of July 1, 2019.

Subsequent Events

CreatiVets has performed a review of events subsequent to the statement of financial position through January 11, 2021, the date the financial statements were available to be issued.

NOTE 3 — LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	June 30,	
	2020	2019
Cash and Cash Equivalents	\$ 262,661	\$ 221,731
Promises-to-Give	<u>25,000</u>	<u>22,905</u>
	<u>\$ 287,661</u>	<u>\$ 244,636</u>

As a part of its liquidity management plan, the CreatiVets invests excess cash in money market accounts. Cash and all highly liquid investments are monitored against standards set by CreatiVets to access liquidity and financial solvency (days of cash on hand).

NOTE 4 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	June 30,	
	2020	2019
Checking	\$ 47,500	\$ 20,438
Money Market	<u>215,161</u>	<u>201,293</u>
	<u>\$ 262,661</u>	<u>\$ 221,731</u>

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2020	2019
Website	\$ 3,250	\$ 3,250
Software	4,453	4,453
Audio Equipment	2,315	-
Video Equipment	3,514	-
Art Program Equipment	9,984	-
Construction in Progress - Leasehold Improvements	4,991	-
	28,507	7,703
Less Accumulated Depreciation	(4,964)	(1,801)
	<u>\$ 23,543</u>	<u>\$ 5,902</u>

Depreciation expense was \$3,163 and \$951 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 — PAYCHECK PROTECTION PROGRAM (“PPP”) GRANT AND REFUNDABLE ADVANCE

On May 1, 2020, CreatiVets received a PPP refundable advance of \$34,790 under the Coronavirus Aid, Relief, and Economic Security Act. This refundable advance, which is in the form a promissory note dated May 1, 2020, is between CreatiVets and Chase Bank, and the satisfaction of conditions of the advance are subject to review by the Small Business Administration (SBA).

The terms of the refundable advance require CreatiVets to meet certain conditions regarding an economic need for the advance as well as incurring qualifying expenses such as payroll costs, benefits, rent, and utilities during a 24-week period that concluded subsequent to the year ended June 30, 2020. All or a portion of the refundable advance may be recognized as contribution revenue upon meeting the conditions and the incurrence of allowable qualifying expenses. As of June 30, 2020, CreatiVets recorded contribution revenue of \$33,000 as it determined it had substantially met all conditions of the refundable advance. Refundable advances of \$1,790 is included in accrued expense in the accompanying statement of financial position as of June 30, 2020.

According to the terms of the refundable advance, CreatiVets would be required to repay all or a portion of the refundable advance, if it is later determined that it failed to meet the certain conditions. CreatiVets believes it has substantially met its performance obligations and intends to apply for full forgiveness of the refundable advance. No assurance is provided that CreatiVets will obtain forgiveness of the refundable advance in whole or in part. The application is due no later than 10 months from statement of financial position date. Both Chase Bank and SBA must review and approve the forgiveness application.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 6 — PAYCHECK PROTECTION PROGRAM (“PPP”) GRANT AND REFUNDABLE ADVANCE
(Continued)

Additionally, the application for the refundable advance requires CreatiVets to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of CreatiVets. Subsequently released guidance instructs all applicants and recipients to take into account their current business activity and CreatiVets’s ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their business.

Should any portion of the refundable advance be repayable by the SBA, CreatiVets will record the amount of refundable advance to be repaid as a loan which carries an interest rate of 1.00% per annum, payable in monthly installments over a 5-year term. There is no prepayment penalty. The loan, if recorded, will be subject to customary provisions for a loan of this type, including customer events of default related to, among other things, payment defaults and breaches of the provisions of the loan.

According to the rules of the SBA, CreatiVets is required to retain documentation for six years after the date the refundable advance is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of CreatiVets’s judgments pertaining to satisfying conditions of the refundable advance, CreatiVets may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 7 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	June 30,	
	2020	2019
Program Activities	<u>\$ 66,240</u>	<u>\$ 85,000</u>

Net assets were released from donor-imposed restrictions for the year ended June 30, 2020 as follows:

Program Activities	<u>\$ 80,860</u>
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NOTE 8 — RELATED PARTY TRANSACTIONS

Members of the Board of Directors contributed \$86,823 and \$75,900 for the years ended June 30, 2020 and 2019, respectively. These amounts are included in public support and revenues on the accompanying statement of activities.

CreatiVets utilized the services of independent contractors to provide program and management services. The contractors utilized included a board member and certain members of the management team. Total expenses paid to contractors was \$18,750 and \$25,600 for the years ended June 30, 2020 and 2019, respectively. Accounts payable to these contractors were \$-0- at June 30, 2020 and 2019.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 9 — CONCENTRATION OF REVENUE

CreatiVets received \$160,000 (24%) and \$200,000 (50%) of its total revenue from two and three organizations during the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, CreatiVets had \$-0- in outstanding promises-to-give from these organizations.

NOTE 10 — LEASE

CreatiVets entered in a 10 year lease agreement for its office space in Nashville, Tennessee effective May 1, 2020. The rent commences 120 days from the effective date of the lease agreement, which was September 1, 2020. The agreement also includes the option to extend the lease for four additional periods of five years.

Rent expense of \$12,608 was recorded during the year ended June 30, 2020.

CreatiVets records rent expense on a straight-line basis on this lease based on the total rental payments due over the term of the lease. The difference between rent expense and the amount paid is charged to deferred rent.

Future minimum rental payments on the non-cancelable leases are contractually due as follows beginning after the effective date:

Year Ending June 30,	Scheduled Lease Payment	Levelized Rent Expense	Deferred Rent
2021	\$ 30,760	\$ 75,649	\$ (44,889)
2022	53,751	75,649	(21,897)
2023	73,964	75,649	(1,685)
2024	79,266	75,649	3,618
2025	81,644	75,649	5,996
Thereafter	<u>462,319</u>	<u>403,459</u>	<u>58,857</u>
	<u>\$ 781,704</u>	<u>\$ 781,704</u>	<u>\$ -</u>

NOTE 11 — INTENTIONS-TO-GIVE

CreatiVets has received an indication of a gift which is contingent upon approval on an annual basis. Due to the uncertain nature of these intentions, CreatiVets has not recognized an asset or contribution revenue for this gift. The estimated total intentions-to-give aggregates \$75,000 at June 30, 2020.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 (With Comparative Totals for 2019)

NOTE 12 — SUBSEQUENT EVENTS

During the year, an outbreak of a novel strain of coronavirus disease (COVID-19) emerged globally. The extent of COVID-19's effect on CreatiVets' operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the CreatiVets' finances. However, if the pandemic continues as a severe worldwide health crisis, the disease could have a material adverse effect on the CreatiVets' financial condition, activities, and cash flow.