

# **CREATIVETS**

## **AUDITED FINANCIAL STATEMENTS**

**Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

# **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, 2019, 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, 2019, 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, 2018, and our report dated November 5, 2018 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink. The letters 'UHY' are written in a large, stylized, cursive font. To the right of 'UHY', the letters 'LLP' are written in a smaller, simpler, sans-serif font.

St. Louis, Missouri  
December 5, 2019

**CREATIVETS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019 (With Comparative Totals for 2018)**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 221,731	\$ 175,946
PROMISES-TO-GIVE	22,905	11,302
PREPAID EXPENSES	2,866	2,298
PROPERTY AND EQUIPMENT	5,902	2,400
INTANGIBLE ASSETS	-	-
Total assets	<u>\$ 253,404</u>	<u>\$ 191,946</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 3,800</u>	<u>\$ 44,014</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Undesignated - available for operations	164,604	137,932
Net assets with donor restrictions	<u>85,000</u>	<u>10,000</u>
Total net assets	<u>249,604</u>	<u>147,932</u>
Total liabilities and net assets	<u>\$ 253,404</u>	<u>\$ 191,946</u>

*See notes to financial statements.*

# CREATIVETS

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Years Ended June 30,			
	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUES				
Public Support				
Contributions and grants				
Contributions				
Regular	\$ 188,487	\$ 76,800	\$ 265,287	\$ 215,437
Non-sponsored events	42,640	-	42,640	30,628
In-kind contributions	27,451	-	27,451	23,153
	258,578	76,800	335,378	269,218
Grants	36,400	5,600	42,000	35,000
Total contributions and grants	294,978	82,400	377,378	304,218
Net assets released from restrictions	7,400	(7,400)	-	-
Total public support	302,378	75,000	377,378	304,218
Special event				
Contributions	27,822	-	27,822	11,335
Revenue	8,510	-	8,510	4,239
Direct expenses	(12,242)	-	(12,242)	(3,491)
	24,090	-	24,090	12,083
Revenues				
Interest income	2,300	-	2,300	997
Total public support and revenues	328,768	75,000	403,768	317,298
EXPENSES				
Program services				
Songwriting	75,397	-	75,397	38,506
Art	144,325	-	144,325	121,963
Total program services	219,722	-	219,722	160,469
Supporting services				
Management and general	55,118	-	55,118	42,895
Fundraising	27,256	-	27,256	12,035
Total supporting services	82,374	-	82,374	54,930
Total expenses	302,096	-	302,096	215,399
CHANGES IN NET ASSETS	26,672	75,000	101,672	101,899
NET ASSETS, Beginning	137,932	10,000	147,932	46,033
NET ASSETS, Ending	\$ 164,604	\$ 85,000	\$ 249,604	\$ 147,932

See notes to financial statements.

# CREATIVETS

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Years Ended June 30,								
	2019								2018
	Program Services				Supporting Services				
	Song- Writing	Art	Shared Program Development	Total	Management and General	Fundraising	Total	Total	
SALARIES	\$ -	\$ 8,500	\$ 37,010	\$ 45,510	\$ 19,040	\$ 14,350	\$ 33,390	\$ 78,900	\$ -
EMPLOYEE BENEFITS	-	-	277	277	204	-	204	481	-
PAYROLL TAXES	-	-	3,089	3,089	2,266	-	2,266	5,355	-
	-	8,500	40,376	48,876	21,510	14,350	35,860	84,736	-
ADVERTISING		-	-	-	-	1,350	1,350	1,350	5,056
AUTO AND TRANSPORTATION	819	3,977	1,446	6,242	-	318	318	6,560	5,484
BANK FEES	-	-	-	-	129	1,294	1,423	1,423	1,026
DEMO AND CDS	12,425	-	-	12,425	-	-	-	12,425	9,025
DEPRECIATION	-	-	-	-	951	-	951	951	-
EVENT FEES	-	-	-	-	-	8,345	8,345	8,345	2,180
HOUSING	1,218	27,573	-	28,791	-	-	-	28,791	21,570
INDEPENDENT CONTRACTORS	-	-	7,350	7,350	5,300	2,850	8,150	15,500	52,530
INSURANCE	-	-	-	-	1,317	-	1,317	1,317	891
INTERNET	-	-	-	-	134	-	134	134	1,106
MEALS	1,781	14,135	1,044	16,960	325	4,575	4,900	21,860	19,685
MEALS - IN-KIND		240	-	240	-	-	-	240	-
OTHER EXPENSES	2,049	2,509	30	4,588	2,203	332	2,535	7,123	2,812
POSTAGE	-	-	165	165	201	-	201	366	69
PROFESSIONAL FEES	10,100	-	-	10,100	11,130	-	11,130	21,230	520
PROFESSIONAL FEES - IN-KIND	-	-	-	-	3,000	-	3,000	3,000	12,880
SOFTWARE LICENSES - IN KIND	-	-	-	-	7,500	-	7,500	7,500	-
STORAGE	-	-	2,166	2,166	-	-	-	2,166	-
SUPPLIES	276	29	-	305	831	3,558	4,389	4,694	7,184
SUPPLIES - IN-KIND	3,078	-	-	3,078	-	-	-	3,078	7,873
TUITION	-	53,904	-	53,904	-	-	-	53,904	43,832
TRAVEL	10,048	10,546	3,938	24,532	587	2,526	3,113	27,645	24,389
VIDEO PRODUCTION AND MASTERS	-	-	-	-	-	-	-	-	778
SUBTOTAL	41,794	121,413	56,515	219,722	55,118	39,498	94,616	314,338	218,890
ALLOCATION OF SHARED PROGRAM DEVELOPMENT	33,603	22,912	(56,515)	-	-	-	-	-	-
LESS EXPENSES INCLUDED WITH REVENUES ON THE STATEMENT OF ACTIVITIES	-	-	-	-	-	(12,242)	(12,242)	(12,242)	(3,491)
TOTAL - 2019	\$ 75,397	\$ 144,325	\$ -	\$ 219,722	\$ 55,118	\$ 27,256	\$ 82,374	\$ 302,096	
PERCENTAGE - 2019	25.0 %	47.7 %	- %	72.7 %	18.3 %	9.0 %	27.3 %	100.0 %	
TOTAL - 2018	\$ 38,506	\$ 121,963	\$ -	\$ 160,469	\$ 42,895	\$ 12,035	\$ 54,930		\$ 215,399
PERCENTAGE - 2018	17.9 %	56.6 %	- %	74.5 %	19.9 %	5.6 %	25.5 %		100.0 %

# CREATIVETS

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<u>Years Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ 101,672	\$ 101,899
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	951	-
Donation of property and equipment	(3,133)	(2,400)
Changes in		
Promises-to-give	(11,603)	(1,302)
Prepaid expenses	(568)	(1,449)
Accounts payable	(40,214)	34,421
Net cash provided by operating activities	<u>47,105</u>	<u>131,169</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(1,320)</u>	<u>-</u>
Net cash used by investing activities	<u>(1,320)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,785	131,169
CASH AND CASH EQUIVALENTS, Beginning	<u>175,946</u>	<u>44,777</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 221,731</u>	<u>\$ 175,946</u>
SUPPLEMENTAL DISCLOSURE		
Noncash investing activities		
Acquisition of property and equipment through donated services	<u>\$ 3,133</u>	<u>\$ 2,400</u>

See notes to financial statements.



**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 (With Comparative Totals for 2018)**

**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.

**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.

**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 and available 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, 2019 (With Comparative Totals for 2018)**

**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, 2018, 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 to provide a multiple week, fully-accredited immersion art program for disabled veterans at no cost to themselves; Virginia Commonwealth University (VCU) and SAIC hosted in 2018. 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, 2019 and 2018. 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, 2019 (With Comparative Totals for 2018)**

**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 of the website and software of 3 years.

**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.

**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.

Grants and contracts are generally recognized as income in the period that specific services are performed. However, certain grants may qualify as contributions, and accordingly, they are recognized as support when made.

**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, 2019 (With Comparative Totals for 2018)**

**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	
	2019	2018	2019	2018
Accounting Services	\$ 1,500	\$ 5,400	\$ 1,500	\$ 5,400
Legal Services	1,500	3,000	1,500	3,000
Website and Graphic Design Services	3,133	6,880	-	4,480
	<u>6,133</u>	<u>15,280</u>	<u>3,000</u>	<u>12,880</u>
Meals	240	-	240	-
Supplies	3,078	7,873	3,078	7,873
Software Licenses (*)	18,000	-	7,500	-
	<u>21,318</u>	<u>7,873</u>	<u>10,818</u>	<u>7,873</u>
	<u>\$ 27,451</u>	<u>\$ 23,153</u>	<u>\$ 13,818</u>	<u>\$ 20,753</u>

(\*) Software licenses were donated for one year. The remaining amount of the donation is included in promises-to-give and will be 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 employee time spent for the related activities. 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, 2019 (With Comparative Totals for 2018)**

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting Standards Adopted**

Effective July 1, 2018, the Organization adopted Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The purpose of the standard is to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The standard has been applied to all periods presented resulting in no change to total net assets.

**New Accounting Pronouncements**

Effective for its financial statements for 2020, the Organization expects to adopt new accounting standards issued by Financial Accounting Standards Board that will require changes in accounting for grants and for 2022 changes in accounting for operating leases. The qualitative and quantitative effects on the Organization's future consolidated financial statements of these changes and related retrospective adjustments have not yet been determined.

**Subsequent Events**

CreatiVets has performed a review of events subsequent to the statement of financial position through December 5, 2019, 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 consolidated statement of financial position, comprise the following at June 30, 2019:

Cash and Cash Equivalents	\$ 221,731
Promises-to-Give	<u>22,905</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).

**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 (With Comparative Totals for 2018)**

**NOTE 4 — CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of the following:

	June 30,	
	2019	2018
Checking	\$ 20,438	\$ 14,946
Savings	-	10,006
Money Market	<u>201,293</u>	<u>150,994</u>
	<u>\$ 221,731</u>	<u>\$ 175,946</u>

**NOTE 5 — PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	June 30,	
	2019	2018
Website	\$ 3,250	\$ 850
Software	4,453	-
Construction in Progress	<u>-</u>	<u>2,400</u>
	7,703	3,250
Less Accumulated Depreciation	<u>(1,801)</u>	<u>(850)</u>
	<u>\$ 5,902</u>	<u>\$ 2,400</u>

Depreciation expense was \$951 and \$-0- for the years ended June 30, 2019 and 2018, respectively.

**NOTE 6 — NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following:

	June 30,	
	2019	2018
Program Activities	<u>\$ 85,000</u>	<u>\$ 10,000</u>

Net assets were released from donor-imposed restrictions for the year ended June 30, 2019 as follows:

Program Activities	<u>\$ 7,400</u>
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**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019 (With Comparative Totals for 2018)**

**NOTE 7 — RELATED PARTY TRANSACTIONS**

Members of the Board of Directors contributed \$75,900 and \$7,005 for the years ended June 30, 2019 and 2018, 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 \$25,600 and \$52,530 for the years ended June 30, 2019 and 2018, respectively. Accounts payable to these contractors were \$-0- and \$5,500 at June 30, 2019 and 2018, respectively.

**NOTE 8 — CONCENTRATION OF REVENUE AND SIGNIFICANT VENDOR**

CreatiVets received \$200,000 (50%) and \$125,000 (38%) of its total revenue from three and two organizations during the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, CreatiVets had \$-0- in outstanding promises-to-give from these organizations.

CreatiVets had total purchases from two and one vendors totaling \$59,754 (20%) and \$79,800 (37%) for meals, housing and tuition for the art program during the years ended June 30, 2019 and 2018, respectively. Accounts payable to these vendors were \$-0- and \$38,514 at June 30, 2019 and 2018, respectively.

**NOTE 9 — 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 \$150,000 at June 30, 2019.