

# **CreatiVets**

Financial Statements  
For the Years Ended June 30, 2023 and 2022

**CreatiVets**  
Financial Statements  
For the Years Ended June 30, 2023 and 2022

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## Independent Auditor's Report

Board of Directors  
CreatiVets

### Opinion

We have audited the financial statements of CreatiVets (a not-for-profit corporation, the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

### 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
January 12, 2024

**CreatiVets**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash	\$ 455,842	\$ 393,009
Promises to give	148,568	23,550
Prepaid expenses	26,027	16,229
Operating lease right-of-use assets	497,249	-
Property and equipment, net	<u>102,616</u>	<u>52,092</u>
Total assets	<b>\$ 1,230,302</b>	<b>\$ 484,880</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 37,852	\$ 26,272
Accrued expenses, compensation	82,812	40,126
Operating lease liabilities	507,823	-
Deferred rent	<u>-</u>	<u>79,482</u>
Total liabilities	628,487	145,880
Net assets		
Without donor restrictions	465,607	320,450
With donor restrictions	<u>136,208</u>	<u>18,550</u>
Total net assets	<u>601,815</u>	<u>339,000</u>
Total liabilities and net assets	<b>\$ 1,230,302</b>	<b>\$ 484,880</b>

**CreatiVets**  
Statement of Activities  
For the Year Ended June 30, 2023

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets			
General	\$ 1,171,806	\$ 136,208	\$ 1,308,014
Sponsored events, net of direct benefit expenses totaling \$26,139	93,482	-	93,482
Nonsponsored events	1,600	-	1,600
Grants	15,000	-	15,000
Contributions of nonfinancial assets	240,010	-	240,010
Interest income and other	19,542	-	19,542
Net assets released from restrictions	18,550	(18,550)	-
Total public support and revenues	1,559,990	117,658	1,677,648
<b>Expenses</b>			
Program services	1,224,304	-	1,224,304
Management and general	151,199	-	151,199
Fundraising	118,812	-	118,812
Total expenses	1,494,315	-	1,494,315
Change in net assets	65,675	117,658	183,333
ASC 842 adoption adjustment	79,482	-	79,482
Net assets, beginning of year	320,450	18,550	339,000
Net assets, end of year	<b>\$ 465,607</b>	<b>\$ 136,208</b>	<b>\$ 601,815</b>

**CreatiVets**  
Statement of Activities  
For the Year Ended June 30, 2022

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions of cash and other financial assets			
General	\$ 696,480	\$ -	\$ 696,480
Sponsored events, net of direct benefit expenses totaling \$24,569	78,558	-	78,558
Grants	25,000	18,550	43,550
Grant, Paycheck Protection Program	-	-	-
Contributions of nonfinancial assets	131,310	-	131,310
Interest income and other	1,297	-	1,297
Net assets released from restrictions	110,637	(110,637)	-
Total public support and revenues	1,043,282	(92,087)	951,195
<b>Expenses</b>			
Program services	707,274	-	707,274
Management and general	139,350	-	139,350
Fundraising	87,044	-	87,044
Total expenses	933,668	-	933,668
Change in net assets	109,614	(92,087)	17,527
Net assets, beginning of year	210,836	110,637	321,473
Net assets, end of year	<b>\$ 320,450</b>	<b>\$ 18,550</b>	<b>\$ 339,000</b>

**CreatiVets**  
Statement of Functional Expenses  
For the Year Ended June 30, 2023

	Program services				Supporting services			
	Songwriting	Art	Shared program development	Total	Management and general	Fundraising	Total	Total
Employee compensation	\$ -	\$ -	\$ 366,651	\$ 366,651	\$ 57,707	\$ 56,702	\$ 114,409	\$ 481,060
Advertising	-	-	30	30	-	18,024	18,024	18,054
Auto and transportation	10,430	7,187	8,147	25,764	248	621	869	26,633
Bank fees	-	-	-	-	2,258	1,269	3,527	3,527
Demo and CDs	22,840	-	7,638	30,478	-	-	-	30,478
Depreciation	-	-	-	-	14,464	-	14,464	14,464
Event fees	-	-	5,250	5,250	-	-	-	5,250
Housing	48,633	12,763	14,489	75,885	-	-	-	75,885
Insurance	-	-	-	-	16,518	-	16,518	16,518
Meals	13,793	30,747	6,186	50,726	149	420	569	51,295
Occupancy	-	-	70,082	70,082	14,233	-	14,233	84,315
Other expenses	95,989	14,203	75,776	185,968	1,241	64	1,305	187,273
Postage	13	35	4,146	4,194	63	-	63	4,257
Professional fees	198,525	8,176	-	206,701	41,724	20,062	61,786	268,487
Software licenses	-	-	-	-	-	4,800	4,800	4,800
Special event expenses	-	-	-	-	-	8,107	8,107	8,107
Storage and studio	-	-	6,611	6,611	-	-	-	6,611
Streaming	4,650	-	-	4,650	-	-	-	4,650
Supplies	6,276	17,730	7,109	31,115	2,594	7,148	9,742	40,857
Tuition	-	50,135	-	50,135	-	-	-	50,135
Travel	56,788	36,429	16,847	110,064	-	1,595	1,595	111,659
	457,937	177,405	588,962	1,224,304	151,199	118,812	270,011	1,494,315
Allocation of shared program development	274,345	314,617	(588,962)	-	-	-	-	-
	<b>\$ 732,282</b>	<b>\$ 492,022</b>	<b>\$ -</b>	<b>\$ 1,224,304</b>	<b>\$ 151,199</b>	<b>\$ 118,812</b>	<b>\$ 270,011</b>	<b>\$ 1,494,315</b>



**CreatiVets**  
Statement of Functional Expenses  
For the Year Ended June 30, 2022

	Program services				Supporting services			
	Songwriting	Art	Shared program development	Total	Management and general	Fundraising	Total	Total
Employee compensation	\$ -	\$ -	\$ 244,581	\$ 244,581	\$ 21,416	\$ 50,868	\$ 72,284	\$ 316,865
Advertising	-	-	-	-	40,513	1,054	41,567	41,567
Auto and transportation	4,127	6,297	6,566	16,990	-	2	2	16,992
Bank fees	-	-	-	-	1,069	2,481	3,550	3,550
Demo and CDs	35,217	-	15,874	51,091	-	-	-	51,091
Depreciation	-	-	-	-	13,194	-	13,194	13,194
Housing	13,041	8,341	8,441	29,823	-	841	841	30,664
Insurance	-	-	-	-	4,270	-	4,270	4,270
Meals	12,635	16,150	2,317	31,102	84	2,106	2,190	33,292
Occupancy	-	-	62,325	62,325	14,091	-	14,091	76,416
Other expenses	25,986	15,747	9,521	51,254	5,825	4,447	10,272	61,526
Postage	64	-	1,670	1,734	1,098	682	1,780	3,514
Professional fees	75,544	12,000	-	87,544	31,470	475	31,945	119,489
Software licenses	-	-	-	-	2,917	4,800	7,717	7,717
Special event expenses	-	-	-	-	-	14,010	14,010	14,010
Storage and studio	-	-	2,660	2,660	-	-	-	2,660
Supplies	5,009	14,026	1,120	20,155	3,403	4,917	8,320	28,475
Tuition	600	44,022	-	44,622	-	-	-	44,622
Travel	20,275	36,307	6,811	63,393	-	361	361	63,754
	192,498	152,890	361,886	707,274	139,350	87,044	226,394	933,668
Allocation of shared program development	170,086	191,800	(361,886)	-	-	-	-	-
	<b>\$ 362,584</b>	<b>\$ 344,690</b>	<b>\$ -</b>	<b>\$ 707,274</b>	<b>\$ 139,350</b>	<b>\$ 87,044</b>	<b>\$ 226,394</b>	<b>\$ 933,668</b>

**CreatiVets**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Cash, beginning of year	\$ 393,009	\$ 352,906
<b>Cash flows from operating activities</b>		
Change in net assets	183,333	17,527
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,464	13,194
Noncash lease expense	10,574	-
Change in:		
Promises to give	(125,018)	21,450
Prepaid expenses	(9,798)	(5,013)
Accounts payable	11,580	20,914
Accrued expenses, compensation	42,686	(13,957)
Deferred rent	-	21,911
Net cash provided (used) by operating activities	<u>127,821</u>	<u>76,026</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(64,988)	(35,923)
Net change in cash	<u>62,833</u>	<u>40,103</u>
Cash, end of year	<b>\$ 455,842</b>	<b>\$ 393,009</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows—payments on operating leases	\$ 66,664	\$ -

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 1. Nature of Activities**

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**

**Basis of Presentation**

The financial statements of CreatiVets have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires CreatiVets 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 CreatiVets. These net assets may be used at the discretion of CreatiVets' management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CreatiVets or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Income Taxes**

CreatiVets is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the State of Illinois.

CreatiVets has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. CreatiVets is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position date.

**Cash**

Cash consists of checking, savings, and money market accounts.

**Promises to Give**

Promises to give are recognized as revenues in the period the promises are received. CreatiVets 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. There were no losses on uncollectible balances for the years ended June 30, 2023 and 2022. 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  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Property and Equipment**

CreatiVets follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of the asset which ranges from 3 to 5 years and is computed on the straight-line method.

Software reflects amounts capitalized by CreatiVets for computer software developed and in development to be used internally or sold, leased, or otherwise marketed. Such amounts are capitalized after technological feasibility has been established for the software and all research and development activities for the other components of the product or process have been completed.

**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.

**Leases (New Accounting Standard Adopted in 2023)**

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities and functional expenses. CreatiVets adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, CreatiVets has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with CreatiVets' historical accounting treatment under ASC Topic 840, *Leases*.

CreatiVets elected the "package of practical expedients" under the transition guidance within Topic 842, in which CreatiVets does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. CreatiVets has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Leases (New Accounting Standard Adopted in 2023)**

CreatiVets determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) CreatiVets obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. CreatiVets also considers whether its service arrangements include the right to control the use of an asset.

CreatiVets made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, CreatiVets made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to CreatiVets' operating leases of \$558,967 at July 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and resulted in a cumulative-effect adjustment to the opening balance of net assets of \$79,482.

**Deferred Rent**

Deferred rent relates to office space lease. CreatiVets records lease 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 was charged to deferred rent as of June 30, 2022, under ASC Topic 840.

**Contributions of Cash and Other Financial Assets**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 2. Summary of Significant Accounting Policies**

**Contributions of Cash and Other Financial Assets**

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.

**Contributions of Nonfinancial Assets**

Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated fair values when received.

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Program Services**

*Songwriting*

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*

CreatiVets has partnered with several arts programs to provide multiple week, fully-accredited immersion art programs for disabled veterans at no cost to the veterans. Veterans have full access to studios and equipment at the schools, and the programs give them opportunities 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.

**Functional Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	<b>Method of allocation</b>
Employee compensation	Time and effort
Demo and CDs	Proportion of participants in each program
Housing	Proportion of participants in each program
Office rent	Proportion of participants in each program
Storage and studio	Proportion of participants in each program
Supplies	Proportion of participants in each program

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 3. Liquidity and Availability**

The following represents CreatiVets' financial assets:

	2023	2022
Financial assets		
Cash	\$ 455,842	\$ 393,009
Promises to give	<u>148,568</u>	<u>23,550</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 604,410</b>	<b>\$ 416,559</b>

As part of its liquidity plan, CreatiVets has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CreatiVets receives year-round donations from individuals and foundations, and CreatiVets makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors. 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. Property and Equipment**

Property and equipment consist of the following:

	2023	2022
Website	\$ 3,250	\$ 3,250
Software	65,095	4,453
Audio equipment	4,858	4,858
Video equipment	6,038	6,038
Art program equipment	54,021	53,355
Computer equipment	3,680	-
Leasehold improvements	7,391	7,391
Less: accumulated depreciation	<u>(41,717)</u>	<u>(27,253)</u>
Property and equipment, net	<b>\$ 102,616</b>	<b>\$ 52,092</b>

Depreciation expense was \$14,464 and \$13,194 for the years ended June 30, 2023 and 2022, respectively.

**Note 5. Net Assets with Donor Restrictions**

Net assets with donor restrictions represent contributions received that are restricted for specific programs or unavailable at June 30, 2023 (\$136,208).

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 6. Contributions of Nonfinancial Assets**

The following contributions of nonfinancial assets have been included in revenues and assets/expenses in the financial statements:

	<b>2023</b>	<b>2022</b>
Program services	\$ 220,810	\$ 97,160
Vehicle	-	29,350
Supporting services	14,400	-
Software licenses*	<u>4,800</u>	<u>4,800</u>
	<b>\$ 240,010</b>	<b>\$ 131,310</b>

\* Software licenses were donated for one year. Differences for the amount of the donations are included in promises to give in one year and are recorded as expense during the following year.

Unless otherwise noted, CreatiVets did not recognize any contributions of nonfinancial assets with donor-imposed restrictions. In 2022, a donated vehicle was received and capitalized for use in operations. In 2023, supporting services included accounting support. Program services and software licenses were utilized in the art program.

Program services comprise donated songwriting sessions, tuition and housing, and frequent flyer miles. Songwriting services are valued based on the amounts charged for identical services. Tuition and housing services are valued based on the amounts charged by the institution to other participants for identical services. Frequent flyer miles were valued based on the discounts obtained when the flights were booked. The vehicle was valued using Kelley Blue Book, specifically the Private Party Value. Software licenses were valued based on then current retail values.

**Note 7. Leases**

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

Operating lease cost is recognized on a straight-line basis over the lease term in the amount of \$77,238 for the year ended June 30, 2023.

Total rent expense for the operating lease was \$76,416 for the year ended June 30, 2022.



**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 7. Leases**

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows:

Years ending June 30,	Operating Leases
2024	\$ 71,746
2025	73,906
2026	76,118
2027	78,398
2028	80,750
Thereafter	<u>183,192</u>
Total lease payments	564,110
Less imputed interest	<u>(56,287)</u>
Total present value of lease liabilities	<b>\$ 507,823</b>

Supplemental statement of financial position information related to leases is as follows as of June 30, 2023:

Operating leases	
Operating lease right-of-use assets	\$ 497,249
Operating lease liabilities	\$ 507,823
Weighted-average remaining lease term	2.16 years
Weighted-average discount rate	2.92%

Future minimum lease commitments, as determined under Topic 840, for all noncancelable leases are as follows as of June 30, 2022:

Years ending June 30,	
2024	\$ 71,746
2025	73,906
2026	76,118
2027	78,398
2028	80,750
Thereafter	<u>183,192</u>
Total minimum lease payments	<b>\$ 564,110</b>

**CreatiVets**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 8. Related Party Transactions**

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 these contractors was \$19,200 and \$18,000 for the years ended June 30, 2023 and 2022, respectively. There were no accounts payable to these contractors at June 30, 2023 and 2022.

**Note 9. Concentrations**

CreatiVets has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$199,000 and \$63,000 at June 30, 2023 and 2022, respectively. CreatiVets maintains its cash with high quality financial institutions which management believes limits these risks.

**Note 10. Subsequent Events**

CreatiVets has evaluated subsequent events through January 12, 2024, the date on which the financial statements were available to be issued.