

CREATIVETS
AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2017

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, 2017, and the related statement 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, 2017, 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.

UHY LLP

St. Louis, Missouri
February 22, 2018

CREATIVETS

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

CASH	\$ 44,777
PROMISES-TO-GIVE	10,000
PREPAID EXPENSES	849
PROPERTY AND EQUIPMENT	-
INTANGIBLE ASSETS	-
Total assets	<u>\$ 55,626</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	<u>\$ 9,593</u>
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NET ASSETS

Unrestricted	
Undesignated - available for operations	24,237
Temporarily restricted	<u>21,796</u>
Total net assets	<u>46,033</u>
Total liabilities and net assets	<u>\$ 55,626</u>

See notes to financial statements.

CREATIVETS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Public Support			
Contributions and grants			
Contributions			
Regular	\$ 33,349	\$ 5,603	\$ 38,952
Non-sponsored events	19,575	-	19,575
In-kind contributions	10,180	-	10,180
	<u>63,104</u>	<u>5,603</u>	<u>68,707</u>
Grants	22,000	50,000	72,000
Total grants and contributions	85,104	55,603	140,707
Net assets released from restrictions	33,807	(33,807)	-
Total public support	<u>118,911</u>	<u>21,796</u>	<u>140,707</u>
Revenues			
Other income	54	-	54
Total public support and revenues	<u>118,965</u>	<u>21,796</u>	<u>140,761</u>
EXPENSES			
Program services			
Songwriting	51,264	-	51,264
Art	45,902	-	45,902
Total program services	<u>97,166</u>	<u>-</u>	<u>97,166</u>
Supporting services			
Management and general	17,449	-	17,449
Fundraising	14,684	-	14,684
Total supporting services	<u>32,133</u>	<u>-</u>	<u>32,133</u>
Total expenses	<u>129,299</u>	<u>-</u>	<u>129,299</u>
CHANGES IN NET ASSETS	(10,334)	21,796	11,462
NET ASSETS, Beginning	34,571	-	34,571
NET ASSETS, Ending	<u>\$ 24,237</u>	<u>\$ 21,796</u>	<u>\$ 46,033</u>

See notes to financial statements.

CREATIVETS
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services			Supporting Services		
	Song- Writing	Art	Program Development	Management and General	Fundraising	Total
INDEPENDENT CONTRACTORS						
Executive Director Fees	\$ -	\$ -	\$ 6,600	\$ 6,800	\$ 6,600	\$ 20,000
Program Director Fees	12,000	-	3,540	-	1,725	17,265
AUTO AND TRANSPORTATION						
BANK FEES	12,000	-	10,140	6,800	8,325	37,265
HOTEL	1,061	295	961	67	416	2,800
HOUSING	-	-	-	110	659	769
INSURANCE	-	-	3,359	-	537	3,896
INTERNET	5,654	8,940	-	-	-	14,594
MEALS	-	-	-	891	-	891
OTHER EXPENSES	3,233	6,740	1,075	452	-	452
POSTAGE	-	33	331	127	441	568
PROFESSIONAL FEES-IN-KIND	-	-	-	355	780	1,135
SUPPLIES	-	-	-	468	-	468
TUITION	4,505	3,368	572	6,150	450	6,600
TRAVEL	-	17,318	-	194	-	8,639
VIDEO PRODUCTION AND MASTERS	8,700	619	6,478	-	-	17,318
	-	534	1,250	1,835	3,076	20,708
	-	-	-	-	-	1,784
SUBTOTAL	35,153	37,847	24,166	17,449	14,684	129,299
ALLOCATION OF PROGRAM DEVELOPMENT						
	16,111	8,055	(24,166)	-	-	-
TOTAL	\$ 51,264	\$ 45,902	\$ -	\$ 17,449	\$ 14,684	\$ 129,299
PERCENTAGE	39.6 %	35.5 %	- %	13.5 %	11.4 %	100.0 %

CREATIVETS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

OPERATING ACTIVITIES

Changes in net assets	\$ 11,462
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Changes in	
Promises-to-give	(7,994)
Prepaid expenses	(849)
Accounts payable	<u>6,646</u>
Net cash provided by operating activities	<u>9,265</u>

NET INCREASE IN CASH	9,265
CASH, Beginning	<u>35,512</u>
CASH, Ending	<u>\$ 44,777</u>

See notes to financial statements.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, art and writing 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 asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories are as follows:

Unrestricted Net Assets - Represent those that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Represent those net assets subject to donor-imposed stipulations that may or will be met, either by actions of CreatiVets and/or the passage of time when a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Represent those net assets subject to donor-imposed stipulations that must be maintained permanently by CreatiVets. Creativets has no permanently restricted net assets as of June 30, 2017.

Description of Programs Services

The following programs 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 in Nashville, Tennessee 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.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs Services (Continued)

Art Program

CreatiVets has partnered with the School of the Art Institute of Chicago (SAIC) and Virginia Commonwealth University (VCU) to provide a three week, fully-accredited immersion art program for disabled veterans at no cost to themselves; 2017 was the initial year for VCU and SAIC hosted in 2015 and 2016 and will host again 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

Cash consists of a checking and savings 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.

Property and Equipment

Property and equipment is stated at cost for purchased assets or at fair value, for contributed assets and consists of \$850 of website costs and accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the website 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the temporarily restricted class for restrictions expiring during the fiscal year, and then transferred to the unrestricted class.

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.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

	Year Ended June 30, 2017	
	Revenues	Expenses
Professional Fees		
Accounting services	\$ 3,600	\$ 3,600
Legal services	3,000	3,000
	<u>6,600</u>	<u>6,600</u>
Supplies	3,580	3,580
	<u>\$ 10,180</u>	<u>\$ 10,180</u>

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. Such allocations are based on relevant factors that represent management's best estimate of the costs of providing such activities.

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.

Subsequent Events

CreatiVets has performed a review of events subsequent to the statement of financial position through February 22, 2018, the date the financial statements were available to be issued.

CREATIVETS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 consist of the following:

Program activities	\$ <u>21,796</u>
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Net assets were released from donor-imposed restrictions for the year ended June 30, 2017 as follows:

Temporarily Restricted Program activities	\$ <u>33,807</u>
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NOTE 4 — RELATED PARTY TRANSACTIONS

Members of the Board of Directors contributed \$7,075 for the year ended June 30, 2017. These amounts are included in public support and revenues on the accompanying statement of activities.

CreatiVets contracts with two independent contractors to provide program and management services. Total expenses paid to contractors was \$37,265 for the year ended June 30, 2017. Accounts payable to these contractors were \$3,000 at June 30, 2017.

NOTE 5 — CONCENTRATION OF REVENUE AND SIGNIFICANT VENDOR

CreatiVets received \$70,000 (50%) of its total revenue from five organizations during the year ended June 30, 2017. At June 30, 2017, CreatiVets had \$10,000 in outstanding promises-to-give from the organizations.

CreatiVets had total purchases from one vendor totaling \$31,529 (20%) for meals, housing and tuition for the art program during the year ended June 30, 2017. Accounts payable to this vendor was \$5,271 at June 30, 2017.