

**SONGWRITINGWITH: INC. d/b/a  
SONGWRITINGWITH:SOLDIERS**

**CONSOLIDATED FINANCIAL STATEMENTS**

***As of and for the Years Ended December 31, 2018  
and 2017***

***And Report of Independent Auditor***

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**TABLE OF CONTENTS**

---

**REPORT OF INDEPENDENT AUDITOR..... 1-2**

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Statements of Financial Position .....3

Consolidated Statements of Activities .....4

Consolidated Statement of Functional Expenses .....5

Consolidated Statements of Cash Flows .....6

Notes to the Consolidated Financial Statements..... 7-9

## **Report of Independent Auditor**

To the Board of Directors  
SongwritingWith: Inc.  
d/b/a SongwritingWith:Soldiers, and subsidiary  
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers (a Texas nonprofit corporation) and subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended December 31, 2018, and the related notes to consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and subsidiary as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Changes in Financial Statement Presentation**

As discussed in Note 1, SongwritingWith: Inc. d/b/a SongwritingWith:Soldiers and subsidiary adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the consolidated statement of functional expenses and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.



Nashville, Tennessee  
May 21, 2019

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 280,991	\$ 152,237
Contributions receivable	19,460	26,230
Prepaid expenses and other assets	10,050	1,966
<b>Total Assets</b>	<b>\$ 310,501</b>	<b>\$ 180,433</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,270	\$ 16,938
Deferred revenue	-	15,333
<b>Total Liabilities</b>	<b>16,270</b>	<b>32,271</b>
Net Assets:		
Without donor restrictions	294,231	148,162
<b>Total Net Assets</b>	<b>294,231</b>	<b>148,162</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 310,501</b>	<b>\$ 180,433</b>

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

*YEARS ENDED DECEMBER 31, 2018 AND 2017*

	<b>2018</b>	<b>2017</b>
Changes in net assets without donor restrictions:		
Revenues:		
Contributions and grants	\$ 865,350	\$ 568,914
Program income	16,566	-
Other income	354	2,841
Net assets released from restrictions	-	7,000
Total Revenues	<u>882,270</u>	<u>578,755</u>
Expenses:		
Program services	527,392	390,813
General and administrative	132,474	73,483
Fundraising	76,335	48,460
Total Expenses	<u>736,201</u>	<u>512,756</u>
Change in net assets without donor restrictions	<u>146,069</u>	<u>65,999</u>
Changes in net assets with donor restrictions:		
Net assets released from restrictions	-	(7,000)
Change in net assets with donor restrictions	<u>-</u>	<u>(7,000)</u>
Change in net assets	146,069	58,999
Net assets, beginning of year	<u>148,162</u>	<u>89,163</u>
Net assets, end of year	<u><u>\$ 294,231</u></u>	<u><u>\$ 148,162</u></u>

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2018*

---

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Professional fees	\$ 5,382	\$ 55,235	\$ 3,150	\$ 63,767
Postage and shipping	1,451	586	859	2,896
Travel	96,803	4,531	5,368	106,702
Personnel	221,296	47,853	58,245	327,394
Printing and production	12,616	463	1,558	14,637
Supplies	4,360	1,719	241	6,320
Insurance	3,351	2,722	-	6,073
Dues and subscriptions	548	5,774	324	6,646
Retreat expenses	156,966	4,129	-	161,095
Communications	585	3,331	-	3,916
Meals and entertainment	5,092	1,200	1,954	8,246
Facilities	1,450	4,628	292	6,370
Other	7,492	303	4,344	12,139
In-kind recording equipment	10,000	-	-	10,000
	<u>\$ 527,392</u>	<u>\$ 132,474</u>	<u>\$ 76,335</u>	<u>\$ 736,201</u>

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*YEARS ENDED DECEMBER 31, 2018 AND 2017*

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 146,069	\$ 58,999
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Change in operating assets and liabilities:		
Contributions receivable	6,770	(26,230)
Prepaid expenses and other assets	(8,084)	(1,316)
Accounts payable and accrued expenses	(668)	9,065
Deferred revenue	(15,333)	14,666
Net cash provided by operating activities	<u>128,754</u>	<u>55,184</u>
Net increase in cash and cash equivalents	128,754	55,184
Cash and cash equivalents, beginning of year	<u>152,237</u>	<u>97,053</u>
Cash and cash equivalents, end of year	<u><u>\$ 280,991</u></u>	<u><u>\$ 152,237</u></u>



**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*DECEMBER 31, 2018 AND 2017*

---

**Note 1—Activities and significant accounting policies**

*Organization* – Be An Artist, Inc. was incorporated as a Texas nonprofit corporation and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code on December 4, 2007. In 2012, SongwritingWith:Soldiers, Inc. was established operating under Be An Artist, Inc.'s nonprofit, charitable section 501(c)(3) of the code status. In 2013, Be An Artist, Inc. and SongwritingWith:Soldiers, Inc. merged with Be An Artist, Inc., the surviving nonprofit entity and changed its legal name to SongwritingWith: Inc., which performs charitable activities using the doing business as (d/b/a) name SongwritingWith:Soldiers ("SW:S"). On June 6, 2013, a for-profit, wholly owned subsidiary, SongwritingWith:Soldiers Music, LLC (the "LLC"), was created to oversee the publication rights for music produced at retreats and workshops. The consolidated financial statements include the accounts of SW:S and the LLC (collectively the "Organization"). All significant intercompany accounts and transactions have been eliminated.

The Organization's mission is to transform lives by using songwriting to expand creativity, connections and strengths. The Organization uses songwriting as a catalyst for positive change allowing participants a unique way to tell their stories, rebuild trust, release pain, forge new bonds, and flourish.

Through retreats and workshops, service members are paired with professional songwriters to craft songs about their experiences, often about combat and the return home. Through their songs, participants rediscover their creativity and reconnect with family, friends, and communities. The songs are recorded and shared through CDs, concerts, and social media in order to bridge military and civilian communities, and build awareness of the challenges faced by our returning service members and their families.

Creative composition workshops inspire creative pursuits in areas such as film, food, meditation, journaling, and more. Fostering is continued through connections among participants by offering creativity coaching calls after events to keep the fires burning and trainings for Organization alumni as peer support for future events.

*Basis of Presentation* – In accordance with generally accepted accounting principles for nonprofit organizations, the Organization reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*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 the Organization. These net assets may be used at the discretion of the Organization's 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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets with donor restrictions at December 31, 2018 and 2017.

*Cash Equivalents* – The Organization considers checking accounts, savings accounts, money market funds, and certificates of deposit with initial maturities of three months or less to be cash equivalents.

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

---

**Note 1—Activities and significant accounting policies (continued)**

*Revenue Recognition* – Contributions received are recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Contributions receivable totaling \$19,460 and \$26,230 at December 31, 2018 and 2017, respectively, are considered fully collectible. Accordingly, no allowance for uncollectible accounts is reflected in the accompanying consolidated financial statements. Revenue received for retreats to be held after the end of the year is deferred as unearned revenue.

*Functional Allocation of Expenses* – The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consisted primarily of salaries and wages expense which was allocated based on time and effort.

*Taxation* – The Organization is generally exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) as an organization described in Section 501(c)(3) of the Code. Additionally, the Internal Revenue Service has classified the Organization as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Therefore, no provision for income taxes has been included in these consolidated financial statements.

*Estimates* – The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*New Accounting Pronouncement* – In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented with the exception of the consolidated statement of functional expenses and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14.

*Accounting Policies for Future Pronouncements* – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ending December 31, 2019. The Organization is currently evaluating the effect of the implementation of this new standard.

**SONGWRITINGWITH: INC. d/b/a**  
**SONGWRITINGWITH:SOLDIERS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*DECEMBER 31, 2018 AND 2017*

---

**Note 1—Activities and significant accounting policies (continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the fiscal year ending December 31, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the fiscal year ending December 31, 2019. The Organization is currently evaluating the effect of the implementation of this new standard.

*Subsequent Events* – The Organization evaluated subsequent events through May 21, 2019, the date the consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

**Note 2—Liquidity and availability of resources**

The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers general expenditures to be all expenditures related to its ongoing activities of transforming lives through songwriting. The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial Assets:

Cash and cash equivalents	\$ 280,991
Contributions receivable	<u>19,460</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 300,451</u></u>