

# **CREATIVETS**

## **AUDITED FINANCIAL STATEMENTS**

**Year Ended June 30, 2018  
(With Comparative Totals for 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, 2018, 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, 2018, 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, 2017, and our report dated February 22, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*UHY LLP*

St. Louis, Missouri  
November 5, 2018

**CREATIVETS****STATEMENT OF FINANCIAL POSITION****June 30, 2018 (With Comparative Totals for 2017)**

|   | <b>June 30,</b>   |                  |
|---|-------------------|------------------|
|   | <b>2018</b>       | <b>2017</b>      |
| <b>ASSETS</b>                           |                   |                  |
| CASH AND CASH EQUIVALENTS               | \$ 175,946        | \$ 44,777        |
| PROMISES-TO-GIVE                        | 11,302            | 10,000           |
| PREPAID EXPENSES                        | 2,298             | 849              |
| PROPERTY AND EQUIPMENT                  | 2,400             | -                |
| INTANGIBLE ASSETS                       | -                 | -                |
| Total assets                            | <u>\$ 191,946</u> | <u>\$ 55,626</u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                   |                  |
| <b>LIABILITIES</b>                      |                   |                  |
| Accounts payable                        | <u>\$ 44,014</u>  | <u>\$ 9,593</u>  |
| <b>NET ASSETS</b>                       |                   |                  |
| Unrestricted                            |                   |                  |
| Undesignated - available for operations | 137,932           | 24,237           |
| Temporarily restricted                  | <u>10,000</u>     | <u>21,796</u>    |
| Total net assets                        | <u>147,932</u>    | <u>46,033</u>    |
| Total liabilities and net assets        | <u>\$ 191,946</u> | <u>\$ 55,626</u> |

*See notes to financial statements.*

**CREATIVETS****STATEMENT OF ACTIVITIES**

Year Ended June 30, 2018 (With Comparative Totals for 2017)

|                                       | Years Ended June 30, |                        |            |           |
|---------------------------------------|----------------------|------------------------|------------|-----------|
|                                       | 2018                 |                        |            | 2017      |
|                                       | Unrestricted         | Temporarily Restricted | Total      |           |
| PUBLIC SUPPORT AND REVENUES           |                      |                        |            |           |
| Public Support                        |                      |                        |            |           |
| Contributions and grants              |                      |                        |            |           |
| Contributions                         |                      |                        |            |           |
| Regular                               | \$ 210,087           | \$ 5,350               | \$ 215,437 | \$ 38,952 |
| Non-sponsored events                  | 30,628               | -                      | 30,628     | 19,575    |
| In-kind contributions                 | 23,153               | -                      | 23,153     | 10,180    |
|                                       | 263,868              | 5,350                  | 269,218    | 68,707    |
| Grants                                | 30,000               | 5,000                  | 35,000     | 72,000    |
| Total grants and contributions        | 293,868              | 10,350                 | 304,218    | 140,707   |
| Net assets released from restrictions | 22,146               | (22,146)               | -          | -         |
| Total public support                  | 316,014              | (11,796)               | 304,218    | 140,707   |
| Special event                         |                      |                        |            |           |
| Contributions                         | 11,335               | -                      | 11,335     | -         |
| Revenue                               | 4,239                | -                      | 4,239      | -         |
| Direct expenses                       | (3,491)              | -                      | (3,491)    | -         |
|                                       | 12,083               | -                      | 12,083     | -         |
| Revenues                              |                      |                        |            |           |
| Other income                          | 997                  | -                      | 997        | 54        |
| Total public support and revenues     | 329,094              | (11,796)               | 317,298    | 140,761   |
| EXPENSES                              |                      |                        |            |           |
| Program services                      |                      |                        |            |           |
| Songwriting                           | 38,506               | -                      | 38,506     | 51,264    |
| Art                                   | 121,963              | -                      | 121,963    | 45,902    |
| Total program services                | 160,469              | -                      | 160,469    | 97,166    |
| Supporting services                   |                      |                        |            |           |
| Management and general                | 42,895               | -                      | 42,895     | 17,449    |
| Fundraising                           | 12,035               | -                      | 12,035     | 14,684    |
| Total supporting services             | 54,930               | -                      | 54,930     | 32,133    |
| Total expenses                        | 215,399              | -                      | 215,399    | 129,299   |
| CHANGES IN NET ASSETS                 | 113,695              | (11,796)               | 101,899    | 11,462    |
| NET ASSETS, Beginning                 | 24,237               | 21,796                 | 46,033     | 34,571    |
| NET ASSETS, Ending                    | \$ 137,932           | \$ 10,000              | \$ 147,932 | \$ 46,033 |

See notes to financial statements.

# CREATIVETS

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018 (With Comparative Totals for 2017)

|   | Years Ended June 30, |            |                                  |            |                           |                     |           |            |         |           |
|---|----------------------|------------|----------------------------------|------------|---------------------------|---------------------|-----------|------------|---------|-----------|
|   | 2018                 |            |                                  |            |                           | 2017                |           |            |         |           |
|   | Program Services     |            |                                  |            |                           | Supporting Services |           |            |         |           |
|   | Song-<br>Writing     | Art        | Shared<br>Program<br>Development | Total      | Management<br>and General | Fundraising         | Total     | Total      |         |           |
| INDEPENDENT CONTRACTORS                     | \$ 5,500             | \$ 13,200  | \$ 5,980                         | \$ 24,680  | \$ 23,275                 | \$ 4,575            | \$ 27,850 | \$ 52,530  | \$      | \$ 37,265 |
| ADVERTISING                                 | -                    | -          | 896                              | 896        | 2,560                     | 1,600               | 4,160     | 5,056      | -       | -         |
| AUTO AND TRANSPORTATION                     | 781                  | 3,794      | 460                              | 5,035      | -                         | 449                 | 449       | 5,484      | 2,800   | 2,800     |
| BANK FEES                                   | -                    | -          | -                                | -          | 141                       | 885                 | 1,026     | 1,026      | 769     | 769       |
| DEMO AND CDS                                | 8,725                | -          | 300                              | 9,025      | -                         | -                   | -         | 9,025      | -       | -         |
| HOUSING                                     | -                    | 21,570     | -                                | 21,570     | -                         | -                   | -         | 21,570     | 14,594  | 14,594    |
| INSURANCE                                   | -                    | -          | -                                | -          | 891                       | -                   | 891       | 891        | 891     | 891       |
| INTERNET                                    | -                    | -          | -                                | -          | 1,106                     | -                   | 1,106     | 1,106      | 452     | 452       |
| MEALS                                       | 1,866                | 16,510     | 682                              | 19,058     | 59                        | 568                 | 627       | 19,685     | 11,616  | 11,616    |
| OTHER EXPENSES                              | -                    | 1,196      | 555                              | 1,751      | 706                       | 355                 | 1,061     | 2,812      | 1,499   | 1,499     |
| POSTAGE                                     | -                    | -          | -                                | -          | 69                        | -                   | 69        | 69         | 468     | 468       |
| PROFESSIONAL FEES                           | -                    | -          | -                                | -          | 13,400                    | -                   | 13,400    | 13,400     | 6,600   | 6,600     |
| SUPPLIES                                    | 4,068                | 7,385      | 840                              | 12,293     | 688                       | 765                 | 1,453     | 13,746     | 8,639   | 8,639     |
| TUITION                                     | -                    | 43,832     | -                                | 43,832     | -                         | -                   | -         | 43,832     | 17,318  | 17,318    |
| TRAVEL                                      | 10,876               | 4,950      | 5,725                            | 21,551     | -                         | 2,838               | 2,838     | 24,389     | 24,604  | 24,604    |
| VIDEO PRODUCTION AND MASTERS                | -                    | 778        | -                                | 778        | -                         | -                   | -         | 778        | 1,784   | 1,784     |
| SUBTOTAL                                    | 31,816               | 113,215    | 15,438                           | 160,469    | 42,895                    | 12,035              | 54,930    | 215,399    | 129,299 | 129,299   |
| ALLOCATION OF SHARED PROGRAM<br>DEVELOPMENT | 6,690                | 8,748      | (15,438)                         | -          | -                         | -                   | -         | -          | -       | -         |
| 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 %    |         |           |
| TOTAL - 2017                                | \$ 51,264            | \$ 45,902  | \$ -                             | \$ 97,166  | \$ 17,449                 | \$ 14,684           | \$ 32,133 | \$ 129,299 |         |           |
| PERCENTAGE - 2017                           | 39.6 %               | 35.5 %     | - %                              | 75.1 %     | 13.5 %                    | 11.4 %              | 24.9 %    | 100.0 %    |         |           |

**CREATIVETS****STATEMENT OF CASH FLOWS**

Year Ended June 30, 2018 (With Comparative Totals for 2017)

|  | Years Ended June 30, |           |
|--|----------------------|-----------|
|  | 2018                 | 2017      |
| OPERATING ACTIVITIES   |                      |           |
| Changes in net assets  | \$ 101,899           | \$ 11,462 |
| Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities |                      |           |
| Donation of property and equipment   | (2,400)              | -         |
| Changes in   |                      |           |
| Promises-to-give   | (1,302)              | (7,994)   |
| Prepaid expenses   | (1,449)              | (849)     |
| Accounts payable   | 34,421               | 6,646     |
| Net cash provided by operating activities  | 131,169              | 9,265     |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 131,169              | 9,265     |
| CASH AND CASH EQUIVALENTS, Beginning   | 44,777               | 35,512    |
| CASH AND CASH EQUIVALENTS, Ending  | \$ 175,946           | \$ 44,777 |
| SUPPLEMENTAL DISCLOSURE  |                      |           |
| Noncash investing activities   |                      |           |
| Acquisition of property and equipment through donated services   | \$ 2,400             | \$ -      |

*See notes to financial statements.*



# **CREATIVETS**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018 (With Comparative Totals for 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 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 had no permanently restricted net assets as of June 30, 2018 and 2017.

#### **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, 2017, from which the summarized information was derived.

**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 (With Comparative Totals for 2017)**

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

**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 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.

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, 2016, and 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.

**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 at June 30, 2018. Also, included in property and equipment is website development cost that is in construction in progress of \$2,400 and \$-0- at June 30, 2018 and 2017, respectively.

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.

**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 (With Comparative Totals for 2017)**

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

**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.

**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:

|                                     | Years Ended June 30, |                  |                  |                  |
|-------------------------------------|----------------------|------------------|------------------|------------------|
|                                     | Revenues             |                  | Expenses         |                  |
|                                     | 2018                 | 2017             | 2018             | 2017             |
| Accounting Services                 | \$ 5,400             | \$ 3,600         | \$ 5,400         | \$ 3,600         |
| Legal Services                      | 3,000                | 3,000            | 3,000            | 3,000            |
| Website and Graphic Design Services | 6,880                | -                | 4,480            | -                |
|                                     | 15,280               | 6,600            | 12,880           | 6,600            |
| Supplies                            | 7,873                | 3,580            | 7,873            | 3,580            |
|                                     | <u>\$ 23,153</u>     | <u>\$ 10,180</u> | <u>\$ 20,753</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.

**CREATIVETS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 (With Comparative Totals for 2017)**

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

**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.

**Reclassifications**

Certain reclassifications have been made to financial statements for the year ended June 30, 2017 to conform to the presentation for the year ended June 30, 2018.

**Subsequent Events**

CreatiVets has performed a review of events subsequent to the statement of financial position through November 5, 2018, the date the financial statements were available to be issued.

**NOTE 3 — CASH**

Cash consists of the following:

|              | December 31,      |                  |
|--------------|-------------------|------------------|
|              | 2018              | 2017             |
| Unrestricted |                   |                  |
| Checking     | \$ 14,946         | \$ 34,774        |
| Savings      | 10,006            | 10,003           |
| Money market | 150,994           | -                |
|              | <u>\$ 175,946</u> | <u>\$ 44,777</u> |

**NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

|                    | June 30,         |                  |
|--------------------|------------------|------------------|
|                    | 2018             | 2017             |
| Program Activities | <u>\$ 10,000</u> | <u>\$ 21,796</u> |