

2016

THE ART THERAPY PROJECT

Financial Statements

December 31, 2016 and 2015

Anthony M. Buzzeo, CPA PLLC
Certified Public Accountant



THE ART THERAPY PROJECT

December 31, 2016 and 2015

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	2
Statement of Activities and Net Assets.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 8



ANTHONY M. BUZZEO
CPA • PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Art Therapy Project

We have audited the accompanying financial statements of The Art Therapy Project which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and net assets, functional expenses and cash flows for the years 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 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 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 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 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 The Art Therapy Project as of December 31, 2016 and 2015, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anthony M. Buzzeo CPA PLLC

Anthony Buzzeo, CPA

New York, New York
January 27, 2017

THE ART THERAPY PROJECT
STATEMENT OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash, operating account	\$ 100,451	\$ 96,608
Cash, savings	1,003	1,002
Cash, PayPal, petty	2,591	4,764
Contributions and grants receivable	<u>14,000</u>	<u>12,850</u>
 Total assets	 <u>\$ 118,045</u>	 <u>\$ 115,224</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 2,750</u>	<u>\$ 3,171</u>
 Total liabilities	 2,750	 3,171
NET ASSETS		
Unrestricted	101,295	85,053
Temporarily restricted (Note 3)	<u>14,000</u>	<u>27,000</u>
 Total net assets	 <u>115,295</u>	 <u>112,053</u>
 Total liabilities and net assets	 <u>\$ 118,045</u>	 <u>\$ 115,224</u>

See Notes to Financial Statements

THE ART THERAPY PROJECT
STATEMENT OF ACTIVITIES AND NET ASSETS
For the Years Ended December 31, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenues:				
Contributions and grants	\$ 218,305	\$ 14,000	\$ 232,305	\$ 210,000
Donations from individuals	73,754	-	73,754	74,679
Special events income, net of expenses (Note 4)	67,866	-	67,866	52,433
In-kind contributions (Note 5)	133,971	-	133,971	73,667
Contributions - office space (Note 6)	35,040	-	35,040	25,500
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Total revenue	528,936	14,000	542,936	436,279
Net assets released from restrictions	27,000	(27,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and other support	555,936	(13,000)	542,936	436,279
Expenses:				
Program services	395,608	-	395,608	334,336
Support services	66,766	-	66,766	26,631
Fundraising	77,319	-	77,319	68,679
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	539,693	-	539,693	429,646
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	16,243	(13,000)	3,243	6,633
Net assets, beginning of year	85,053	27,000	112,053	105,419
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Net assets, end of year	\$ 101,295	\$ 14,000	\$ 115,295	\$ 112,053
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See Notes to Financial Statements

THE ART THERAPY PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2016 and 2015

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
Staff Salaries (incl:benefits, taxes)	\$ 152,140	\$ 48,213	\$ 48,213	\$ 248,567	\$ 174,705
Professional fees	120,096	-	-	120,096	176,347
Legal services	49,521	-	-	49,521	-
Program - supplies	12,800	-	-	12,800	14,642
Program - travel, other	17,646	-	-	17,646	13,454
Printing, copying	-	2,193	357	2,550	2,414
Insurance - D & O, liability	1,321	1,321	-	2,641	2,839
Accounting fees	-	3,056	-	3,056	2,932
Website	813	51	152	1,016	2,542
Public relations and marketing	2,123	2,117	500	4,739	4,202
Consultation - branding	10,000	5,000	5,000	20,000	-
Fundraising fees	-	-	18,545	18,545	7,279
Rent and other occupancy (Note 6)	28,032	3,504	3,504	35,040	25,500
Office supplies	1,085	250	334	1,669	1,090
Professional - development	-	-	-	-	215
Meetings	-	790	-	790	628
Postage, shipping	32	202	414	648	498
Dues and subscriptions	-	-	300	300	270
Bank service charges and payroll processing fees	-	70	-	70	90
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Total expenses	\$ <u>395,608</u>	\$ <u>66,766</u>	\$ <u>77,319</u>	\$ <u>539,693</u>	\$ <u>429,646</u>

See Notes to Financial Statements

THE ART THERAPY PROJECT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 3,243	\$ 6,633
Adjustments to reconcile change in net assets to net cash provide (used) by operating activities:		
(Increase) decrease in assets:		
Prepaid insurance	-	213
Contributions receivable	(1,150)	(12,850)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(421)</u>	<u>(1,789)</u>
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>1,672</u>	<u>(7,793)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	1,672	(7,793)
Cash and cash equivalents, beginning of year	<u>102,373</u>	<u>110,166</u>
Cash and cash equivalents, end of year	<u>\$ 104,045</u>	<u>\$ 102,373</u>

Supplemental Disclosure

Cash paid for:

Filing fees	\$ 300	\$ 270
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See Notes to Financial Statements

THE ART THERAPY PROJECT
NOTES TO FINANCIAL STATEMENTS

1. **Nature of Activities and Summary of Significant Accounting Policies**

The Art Therapy Project (TATP), formerly The Art Therapy Outreach Center (see note 8), is a nonprofit 501c(3) organization dedicated to helping trauma survivors through the creative process. Centered around challenges of Family, Violence and Health, we provide guided art therapy to those seeking hope and support.

Financial Statement Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash Equivalents - the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Assets - Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market value at the date of donation.

Furniture and Equipment - Furniture and equipment are recorded at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is provided for using the straight-line method over the assets estimated useful lives, 3 years for equipment and 5 years for furniture and fixtures.

Grants and contributions - Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on existence and/or nature of any donor restrictions.

Functional Expenses Allocation - The cost of providing for the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities and net assets and functional expenses. Accordingly, certain expenses have been allocated among programs and supporting services based on management's best estimates.

Income Tax Status - The Organization is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable deduction under Section 170(b) (1) (A) and has been classified as an Organization that is not a private foundation under Section 509(a) (2).

TATP believes that it has appropriate support for any tax positions taken, affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's form 990 and any other income tax filings required by New York State are no longer subject to examination for years before 2012. The 2013 through 2015 tax years remain subject to examination by the Internal Revenue Service.

THE ART THERAPY PROJECT
NOTES TO FINANCIAL STATEMENTS

2. **Description of Program Services**

TATP is the leading nonprofit provider of free art therapy services to underserved populations in New York City, working in partnership with other nonprofit organizations serving marginalized populations.

TATP goes beyond traditional talk therapy. Our clients and art therapists work together, using the creative process, to turn negative energy positive.

3. **Restrictions on Net Assets**

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use.

As of December 31, 2016, a total of \$14,000 in grants were temporarily restricted, all of which will become unrestricted in 2017. There were \$27,000 in grants that were temporarily restricted as of December 31, 2015, all of which became unrestricted during 2016.

4. **Annual Special Event**

TATP holds an annual event where clients' artwork is exhibited. The money raised from the event as well as income from donations and sponsors, helps TATP to continue its mission. During 2016 and 2015, the special event provided \$67,866 and \$52,433, respectively.

5. **Gifts In-Kind Contributions**

In-kind contributions consist of donations of services which are paid for by the School of Visual Arts, items donated for auction at the annual fundraiser by various individuals and vendors, along with any other services, and supplies that are donated throughout the year. During 2016 and 2015, \$133,971 and \$73,667 of in-kind contributions were received, respectively.

THE ART THERAPY PROJECT
NOTES TO FINANCIAL STATEMENTS

6. **Office Space**

The School of Visual Arts (SVA) located at 136 West 21st Street, New York, New York, donates furnished office space, art studio space, computers, and telephone and internet services. The fair market value of the office space is \$2,125 per month, for 2016 and 2015, and is recorded as rent and other occupancy expense on the statement of functional expenses. The agreement between SVA and TATP began November 1, 2011 and is established annually. Additional space on another floor was donated with a fair market value of \$795 per month. The total rent with the additional space was \$35,040 for 2016. The additional space was not available during 2015.

7. **Related Party Transactions**

Several members of the Board of Directors and related parties make significant donations to TATP. For the years ended December 31, 2016 and 2015, \$180,355 and \$190,855 was donated, representing 33% and 44% of the total revenue received, respectively.

8. **Rebranding Initiative**

During 2016, the Organization underwent a name, logo, and message statement change as part of a rebranding initiative, which the Board felt was necessary to reflect the broader scope of vision and the growth the Organization has seen over the past five years. The name change to The Art Therapy Project was announced at the annual special event 5th Anniversary Celebration. The name change was approved by the Internal Revenue Service and New York State.

9. **Concentration of Credit Risks**

The Organization maintains bank accounts that at times may exceed federally-insured credit limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such accounts.

10. **Subsequent Events**

The Organization has evaluated subsequent events through the date of this report, January 27, 2017, which is also the date which the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.