

2017

# THE ART THERAPY PROJECT

## Financial Statements

December 31, 2017 and 2016

Anthony M. Buzzeo, CPA PLLC  
Certified Public Accountant





## TABLE OF CONTENTS

---

INDEPENDENT AUDITOR'S REPORT.....	1
<b>FINANCIAL STATEMENTS:</b>	
Statement of Financial Position.....	2
Statement of Activities and Net Assets.....	3 - 4
Statement of Functional Expenses.....	5 - 6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8 - 10





---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Art Therapy Project

We have audited the accompanying financial statements of The Art Therapy Project which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and net assets, 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 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 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, 2017 and 2016, and the results of its operations 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 M Buzzeo CPA, PLLC  
New York, New York  
March 14, 2018



**THE ART THERAPY PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash, operating account	\$ 147,276	\$ 100,451
Cash, savings	1,003	1,003
Cash, PayPal, petty	6,566	2,591
Undeposited funds	10,660	-
Pledge receivable	<u>22,000</u>	<u>14,000</u>
 Total assets	 <u>\$ 187,505</u>	 <u>\$ 118,045</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ <u>3,570</u>	\$ <u>2,750</u>
 Total liabilities	 3,570	 2,750
<b>NET ASSETS</b>		
Without donor restrictions	161,935	101,295
With donor restrictions (Note 4)	<u>22,000</u>	<u>14,000</u>
 Total net assets	 <u>183,935</u>	 <u>115,295</u>
 Total liabilities and net assets	 <u>\$ 187,505</u>	 <u>\$ 118,045</u>

See Accompanying Notes to Financial Statements

**THE ART THERAPY PROJECT**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Contributions and grants	\$ 98,758	\$ 38,800	\$ 137,558
Donations from individuals	199,477		199,477
Fee for services	4,158		4,158
In-kind contributions (Note 1)	58,450	-	58,450
Special events income, net (Note 5)	66,431	-	66,431
Contributions - office space (Note 6)	35,040	-	35,040
	462,314	38,800	501,114
Total revenue	462,314	38,800	501,114
Net assets released from restrictions	30,800	(30,800)	-
	493,114	8,000	501,114
Total revenues and other support	493,114	8,000	501,114
<b>Expenses:</b>			
Program services	326,262	-	326,262
Support services	28,571	-	28,571
Fundraising	77,641	-	77,641
	432,474	-	432,474
Total expenses	432,474	-	432,474
<b>Change in net assets</b>	60,640	8,000	68,640
Net assets, beginning of year	101,295	14,000	115,295
	161,935	22,000	183,935
Net assets, end of year	\$ 161,935	\$ 22,000	\$ 183,935

See Accompanying Notes to Financial Statements



**THE ART THERAPY PROJECT**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
For the Year Ended December 31, 2016

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Contributions and grants	\$ 218,305	\$ 14,000	\$ 232,305
Donations from individuals	73,754	-	73,754
Fee for services	-	-	-
In-kind contributions (Note 1)	133,971	-	133,971
Special events income, net (Note 5)	67,866	-	67,866
Contributions - office space (Note 6)	35,040	-	35,040
	528,936	14,000	542,936
Total revenue	528,936	14,000	542,936
Net assets released from restrictions	27,000	(27,000)	-
	555,936	(13,000)	542,936
Total revenues and other support	555,936	(13,000)	542,936
<b>Expenses:</b>			
Program services	395,608	-	395,608
Support services	66,767	-	66,767
Fundraising	77,319	-	77,319
	539,694	-	539,694
Total expenses	539,694	-	539,694
<b>Change in net assets</b>	16,242	(13,000)	3,242
Net assets, beginning of year	85,053	27,000	112,053
Net assets, end of year	\$ 101,295	\$ 14,000	\$ 115,295

See Accompanying Notes to Financial Statements

**THE ART THERAPY PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2017

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Staff salaries (incl:benefits, taxes)	\$ 165,895	\$ 13,290	\$ 71,089	\$ 250,274
Professional fees	106,758	-	500	107,258
Legal services	-	-	-	-
Program - supplies	12,596	-	-	12,596
Program - travel, other	11,356	-	-	11,356
Printing, copying	117	789	149	1,055
Insurance - D & O, liability	912	1,728	-	2,640
Accounting fees	487	2,534	-	3,021
Website	1,561	-	-	1,561
Public relations and marketing	133	1,794	81	2,008
Consultation - branding	-	-	-	-
Fundraising fees	-	-	1,501	1,501
Rent and other occupancy (Note 6)	24,528	7,008	3,504	35,040
Office supplies	1,058	480	96	1,634
Professional - development	55	-	50	105
Meetings	806	534	-	1,340
Postage, shipping	-	339	476	815
Dues and subscriptions	-	-	195	195
Bank service charges and payroll processing fees	-	75	-	75
 Total expenses	 \$ <u>326,262</u>	 \$ <u>28,571</u>	 \$ <u>77,641</u>	 \$ <u>432,474</u>

See Accompanying Notes to Financial Statements

**THE ART THERAPY PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2016

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Staff salaries (incl:benefits, taxes)	\$ 152,140	\$ 48,213	\$ 48,213	\$ 248,566
Professional fees	120,096	-	-	120,096
Legal services	49,521	-	-	49,521
Program - supplies	12,800	-	-	12,800
Program - travel, other	17,646	-	-	17,646
Printing, copying	-	2,193	357	2,550
Insurance - D & O, liability	1,321	1,321	-	2,642
Accounting fees	-	3,056	-	3,056
Website	813	51	152	1,016
Public relations and marketing	2,123	2,117	500	4,740
Consultation - branding	10,000	5,000	5,000	20,000
Fundraising fees	-	-	18,545	18,545
Rent and other occupancy (Note 6)	28,032	3,504	3,504	35,040
Office supplies	1,085	250	334	1,669
Professional - development	-	-	-	-
Meetings	-	790	-	790
Postage, shipping	31	202	414	647
Dues and subscriptions	-	-	300	300
Bank service charges and payroll processing fees	-	70	-	70
<b>Total expenses</b>	<b>\$ <u>395,608</u></b>	<b>\$ <u>66,767</u></b>	<b>\$ <u>77,319</u></b>	<b>\$ <u>539,694</u></b>

See Accompanying Notes to Financial Statements

**THE ART THERAPY PROJECT**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ <b>68,640</b>	\$ 3,243
Adjustments to reconcile change in net assets to net cash provide (used) by operating activities:		
(Increase) decrease in assets:		
Pledge receivables	(8,000)	(1,150)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	820	(421)
<b><u>Net Cash Provided By Operating Activities</u></b>	<b>61,460</b>	1,672
<b>Net Increase In Cash And Cash Equivalents</b>	<b>61,460</b>	1,672
Cash and cash equivalents, beginning of year	<b>104,045</b>	102,373
Cash and cash equivalents, end of year	<b>\$ 165,505</b>	\$ 104,045

**Supplemental Disclosure**

Cash paid for:

Filing fees	\$ -	\$ 300
-------------	------	--------

See Accompanying 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 (the "Organization"), 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 underserved population and partner with other nonprofit organization serving marginalize populations. The Organization goes beyond traditional talk therapy. Our clients and art therapists work together, using the creative process, to turn negative energy positive.

**Basis of 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 two classes of net assets: Net assets without donor restrictions and Net Assets with donor restrictions.

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

**Furniture and Equipment** - The Organization capitalizes purchases and property and equipment in excess of \$500. Property and equipment are depreciated over the estimated useful lives (3-7 years) on the respective assets using the straight-line method. The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to expense incurred; replacements and betterments that extend the useful live are capitalized.

**Contributions** - Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledge are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions are reported as increases in net asset with 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.

**Donated materials and services** - The Organization records the value of donated goods or services when there is an objective basis available to measure their value and when donated services enhance non-financial assets or require a specialized skill which the Organization would otherwise have purchased. The Organization recognized \$58,450 and \$133,971 of in-kind donations, respectively, during the years ended December 31, 2017 and 2016. These amounts have been recorded as both contributions and expenses in the statement of activities.

**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).

The Organization 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. 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.

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$	154,845
Undeposited funds		10,660
Pledge receivable		22,000
		187,505
	\$	187,505

The Organization maintains all their cash in a checking account to ensure that there are funds available to pay general expenses.

**4. Net Assets with Donor Restriction**

Net assets with donor restrictions are restricted for the following purposes or periods:

		2017		2016
<b>Subject to the passage of time:</b>				
Pledges by contributor received in installments	\$	22,000	\$	14,000

Net assets released from their purpose restriction during December 31:

		2017		2016
General operating expenses	\$	14,000	\$	27,000
Veteran women's services		8,400		-
Veteran programs		8,400		-
	\$	30,800	\$	27,000

**5. Annual Special Event Support**

Special events support consists of the following for the year ended December 31:

		2017		
Event	% of total revenu	Gross Support	Expense	Net Support
Falling for Art	12.23%	98,607	37,325	61,282
Other Events	1.04%	9,866	4,717	5,149
Total	13.27%	108,473	42,042	66,431
		2016		
Event	% of total revenu	Gross Support	Expense	Net Support
5th Anniversary Celebration	12.21%	119,152	51,286	67,866

**THE ART THERAPY PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

---

6. **Office Space**

The School of Visual Arts (SVA) located at 132-136 West 21<sup>st</sup> 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 2017 and 2016, and is recorded as rent and other occupancy expense on the statement of functional expenses. The agreement between SVA and the Organization 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 was \$35,040 for 2017 and 2016.

7. **Related Party Transactions**

Several members of the Board of Directors and related parties make significant donations to The Organization. For the years ended December 31, 2017 and 2016, \$173,550 and \$180,355 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. **Subsequent Events**

The Organization has evaluated subsequent events through the date of this report, March 14, 2018, 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.

10. **Change in Accounting Policy**

The Organization adopted Financial Accounts Standards Board, update 2016-14. The requirements under the new accounting policy consist of changing the name of net assets from unrestricted, temporarily and permanently restricted net assets to net assets without donor restriction and net assets with donor restrictions. Net assets with donor restrictions are required to be broken out by the type of restriction either on the face of the financial statements or in the notes. The new standard also required a liquidity footnote to detail out the current assets in order of liquidity along with an explanation as to how the Organization plans to cover current operating cost based on the liquid assets available. The standard has been adopted retrospectively to December 31, 2016.