

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

CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the Years Ended December 31, 2019 and 2018*

*And Report of Independent Auditor*

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

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

**CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Statements of Financial Position .....3  
Consolidated Statements of Activities .....4  
Consolidated Statements of Functional Expenses ..... 5-6  
Consolidated Statements of Cash Flows.....7  
Notes to the Consolidated Financial Statements..... 8-11

## **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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, 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 the Organization as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 6, towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. Starting in March of 2020, there were various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Organization's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of contributions could negatively impact the Organization's operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. Our opinion is not modified with respect to this matter.



Nashville, Tennessee  
May 29, 2020

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

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 312,650	\$ 280,991
Receivables	95,316	19,460
Prepaid expenses and other assets	16,049	10,050
<b>Total Assets</b>	<u>\$ 424,015</u>	<u>\$ 310,501</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 20,944	\$ 16,270
<b>Total Liabilities</b>	<u>20,944</u>	<u>16,270</u>
Net Assets:		
Without donor restrictions	317,221	294,231
With donor restrictions	85,850	-
<b>Total Net Assets</b>	<u>403,071</u>	<u>294,231</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 424,015</u>	<u>\$ 310,501</u>

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

*YEARS ENDED DECEMBER 31, 2019 AND 2018*

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues:		
Contributions and grants	\$ 511,457	\$ 542,415
Program income	340,532	312,935
Other income	8,118	26,920
Total Revenues	<u>860,107</u>	<u>882,270</u>
Expenses:		
Program services	601,973	527,392
General and administrative	125,783	132,474
Fundraising	109,361	76,335
Total Expenses	<u>837,117</u>	<u>736,201</u>
Changes in Net Assets Without Donor Restrictions	<u>22,990</u>	<u>146,069</u>
Changes in Net Assets With Donor Restrictions:		
Contributions and grants	<u>85,850</u>	-
Changes in Net Assets With Donor Restrictions	<u>85,850</u>	-
Change in net assets	108,840	146,069
Net assets, beginning of year	<u>294,231</u>	<u>148,162</u>
Net assets, end of year	<u>\$ 403,071</u>	<u>\$ 294,231</u>

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

*YEAR ENDED DECEMBER 31, 2019*

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Personnel	\$ 256,357	\$ 44,053	\$ 74,546	\$ 374,956
Retreat expenses	211,882	-	-	211,882
Professional fees	17,836	50,810	14,040	82,686
Travel	69,471	4,751	6,065	80,287
Printing and production	17,011	360	223	17,594
Communications	7,006	6,068	2,868	15,942
Facilities	7,061	5,917	-	12,978
Other	-	5,330	5,747	11,077
Meals and entertainment	5,675	906	2,098	8,679
Supplies	2,937	1,124	2,585	6,646
Postage and shipping	3,571	521	798	4,890
Dues and subscriptions	420	4,001	391	4,812
Insurance	2,746	1,942	-	4,688
	<u>\$ 601,973</u>	<u>\$ 125,783</u>	<u>\$ 109,361</u>	<u>\$ 837,117</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

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

The accompanying notes to the consolidated financial statements are an integral part of this statement.



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

*YEARS ENDED DECEMBER 31, 2019 AND 2018*

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 108,840	\$ 146,069
Adjustments to reconcile change in net assets to cash from operating activities:		
Change in operating assets and liabilities:		
Receivables	(75,856)	6,770
Prepaid expenses and other assets	(5,999)	(8,084)
Accounts payable and accrued expenses	4,674	(668)
Deferred revenue	-	(15,333)
Net cash from operating activities	<u>31,659</u>	<u>128,754</u>
Net increase in cash	31,659	128,754
Cash, beginning of year	<u>280,991</u>	<u>152,237</u>
Cash, end of year	<u><u>\$ 312,650</u></u>	<u><u>\$ 280,991</u></u>

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

DECEMBER 31, 2019 AND 2018

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**Note 1—Nature of operations and summary of 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.

Significant accounting policies used in the preparation of the Organization’s financial statements are as follows:

*Basis of Presentation* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for not-for-profit organizations. Accordingly, 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. The Organization records all revenues that are spent in the same fiscal year as revenue without donor restrictions, if a donor restriction existed.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors. 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’s net assets with donor restrictions as of December 31, 2019 are temporary in nature and relate to the passage of time. The Organization had no net assets with donor restrictions at December 31, 2018.

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

DECEMBER 31, 2019 AND 2018

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*New Accounting Pronouncements* – In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. 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. The Organization adopted ASU 2014-09 in 2019. The adoption of this standard did not have a significant impact on the Organization’s financial statements (see Note 2).

In June 2018, 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 Organization adopted this ASU during 2019.

*Accounting Policies for Future Pronouncements* – In February 2016, 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 balance sheet 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 income statement. This standard will be effective for the year ending December 31, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

*Cash* – The Organization maintains cash in checking accounts and savings accounts.

*Receivables* – The Organization’s receivables balance contains both accounts and contribution receivables. Accounts receivables totaled \$9,466 and \$19,460 as of December 31, 2019 and 2018, respectively, and are recorded at their estimated net realizable value. Contribution receivables outstanding at December 31, 2019 totaled \$85,850. There were no contribution receivables outstanding at December 31, 2018. As these receivables are not collectible until future periods, they are reported as net assets with donor restriction. They are all expected to be collected within one year and are recorded at net realizable value. As of December 31, 2019 and 2018, the balances of accounts and contribution receivables are considered fully collectible. Accordingly, no allowance for uncollectible accounts is reflected in the accompanying consolidated financial statements.

*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.

*Use of 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.

*Reclassifications* – Certain amounts in the 2018 consolidated financial statements were reclassified to conform to the current year’s presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Subsequent Events* – The Organization evaluated subsequent events through May 29, 2020, when these consolidated financial statements were available to be issued. Other than the event described in Note 6, management has determined that there are no material events that would require recognition or disclosure in the Organization’s consolidated financial statements.

**Note 2—Revenue recognition**

On January 1, 2019, the Organization adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. The Organization determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of January 1, 2019. Under ASC 606, revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, each performance obligation is satisfied. The Organization’s revenue within the scope of ASC 606 consists of revenue from providing a series of retreats for soldiers and supplying songwriters for workshops and other related events. The contract performance obligation for both of these activities is generally satisfied at the time these services are provided.

*Disaggregation of Revenue* – The following table presents revenue disaggregated by program type for the years ended December 31, 2019 and 2018, respectively.

	<b>2019</b>	<b>2018</b>
Retreats for soldiers	\$ 214,282	\$ 228,935
Songwriting workshops	126,250	84,000
	<u>\$ 340,532</u>	<u>\$ 312,935</u>

**Note 3—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:

Financial Assets:	<b>2019</b>	<b>2018</b>
Cash	\$ 312,650	\$ 280,991
Receivables	95,316	19,460
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 407,966</u>	<u>\$ 300,451</u>

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

*DECEMBER 31, 2019 AND 2018*

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**Note 4—Concentrations**

The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes it adequately mitigates this risk by only investing in major financial institutions. However, the Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk with their current cash accounts.

During 2019 and 2018, the Organization received approximately 29% and 27%, respectively, of its revenue from one foundation who has an agreement with the Organization to provide services for retreats for soldiers and songwriting events.

**Note 5—Commitment**

The Organization is obligated under an operating lease agreement for its office space. The lease is scheduled to expire on November 1, 2020. Future minimum lease payments under the lease, are approximately \$15,000 during fiscal year 2020. Rent expense totaled approximately \$13,000 and \$6,400 for the years ended December 31, 2019 and 2018, respectively.

**Note 6—Subsequent event**

Late in December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen, which could negatively impact the Organization’s revenue and operations for an indeterminable time period. At this time, the impact on the consolidated financial statements cannot be reasonably estimated. Management has determined there are no other material events that require recognition or disclosure in the Organization’s consolidated financial statements.