FOUNDATION FOR THE ARTS AND TRAUMA, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
Foundation for the Arts and Trauma, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Foundation for the Arts and Trauma, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, changes in net assets, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ 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 auditors’ 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 Foundation for the Arts and Trauma, Inc. as of December 31, 2017, 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.

Marcum LLP

New Haven, CT
December 6, 2018
## Statement of Financial Position

**DECEMBER 31, 2017**

**Assets**

**Current Assets**
- Cash $22,331

**Total Assets** $22,331

**Liabilities and Net Assets**

**Current Liabilities**
- Accounts Payable $3,461

**Net Assets**
- Unrestricted $18,870

**Total Liabilities and Net Assets** $22,331

*The accompanying notes are an integral part of these financial statements.*
## Statement of Activities

**For the Year Ended December 31, 2017**

### Revenue and Other Support

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$1,255,786</td>
</tr>
<tr>
<td>Contributions</td>
<td>4,020</td>
</tr>
<tr>
<td>Interest income</td>
<td>141</td>
</tr>
</tbody>
</table>

**Total Revenue and Other Support:** $1,259,947

### Expenses and Other Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALIVE program</td>
<td>1,179,000</td>
</tr>
<tr>
<td>Printing and design</td>
<td>44,635</td>
</tr>
<tr>
<td>Office expense</td>
<td>7,004</td>
</tr>
<tr>
<td>Fundraising</td>
<td>5,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>4,120</td>
</tr>
<tr>
<td>Conferences</td>
<td>3,596</td>
</tr>
</tbody>
</table>

**Total Expenses and Other Uses:** $1,243,355

### Excess of Revenue and Other Support Over Expenses and Other Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over Expenses and Other Uses</td>
<td>$16,592</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements.*
FOUNDATION FOR THE ARTS AND TRAUMA, INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenue and other support</td>
<td>$ 16,592</td>
</tr>
<tr>
<td>over expenses and other uses</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets - Beginning</th>
<th>2,278</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets - Ending</th>
<th>$ 18,870</th>
</tr>
</thead>
</table>

The accompanying notes are an integral part of these financial statements.
### Foundation for the Arts and Trauma, Inc.

**Statement of Cash Flows**

**For the Year Ended December 31, 2017**

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>16,592</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>3,461</td>
</tr>
</tbody>
</table>

**Net Cash Provided Operating Activities**

20,053

**Net Change in Cash and Cash Equivalents**

20,053

**Cash and Cash Equivalents - Beginning**

2,278

**Cash and Cash Equivalents - Ending**

$ 22,331

*The accompanying notes are an integral part of these financial statements.*
NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Foundation for the Arts and Trauma, Inc. (the Foundation) was incorporated in 1976 as a non-profit organization. The Foundation is dedicated to healing individuals and communities impacted by trauma and toxic stress through the use of the arts and other methodologies.

The Foundation’s main activity is the ALIVE Program, which provides trauma-informed, prevention-based support to students in public schools and includes work with students in kindergarten through 12th grade. ALIVE provides services to all students in some format but focuses on providing social and emotional support to students who face challenges in their personal lives that affect their behavior and progress in the classroom. ALIVE offers relational play sessions, one-on-one therapy, drama, and role-playing strategies in mandatory classes for high school freshman, letter writing activities, parent activities, and classroom-focused discussions.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Foundation’s financial statements are prepared utilizing the accrual basis of accounting. Under the accrual basis of accounting revenues and gains are recognized when earned and expenses when the liability for goods and services is incurred, regardless of the timing of cash flows.

BASIS OF PRESENTATION

The Foundation reports information regarding its financial position and operations according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted – Unrestricted net assets represent resources without any donor-imposed restriction and are available for the general purposes of the Foundation.

Temporarily Restricted – Temporarily restricted net assets represent resources that are restricted by the donor as to purpose or as to time of expenditure. Currently, the Foundation has no temporarily restricted net assets.

Permanently Restricted – Permanently restricted net assets represent resources that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Income earned on such resources would usually be available for use in the operations of the Foundation. Currently, the Foundation has no permanently restricted net assets.
NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

CASH

The Foundation considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents for the purpose of the statements of cash flows. The Foundation maintains their cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation believes that the credit risk associated with these deposits is minimal and has suffered no losses regarding its bank deposit activity.

REVENUE RECOGNITION

Unrestricted contributions are recorded as unrestricted revenue when received. The Foundation records contributions as restricted support if they are received with stipulations that limit the use of the contribution. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities-cash basis as net assets released from restrictions.

Grants are generally considered to be exchange transactions in which the grantor requires performance for reimbursement of specified activities. Grant revenue is recognized to the extent that related expenses are incurred.

Grants and contributions whose restrictions are met within the same year as received are reported as unrestricted support in the accompanying financial statements.
NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization accounts for uncertainty in income tax positions in the financial statements by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods pending or in progress.

SUBSEQUENT EVENTS

Events subsequent to December 31, 2017 have been evaluated through December 6, 2018, the date that the financial statements were available to be issued. There have been no subsequent events that would require disclosure in or adjustment to the financial statements.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Foundation uses a related party, the Post Traumatic Stress Center (the Center), to carry out the activities of the ALIVE program. During the year ended December 31, 2017, the Foundation made payments to the Center in the amount of $1,179,000 for the purpose of carrying out the ALIVE program.