

Artworks, Naomi Cohain Foundation, Inc.

Financial Statements
(Together with Independent Accountant's Review
Report)

Year Ended December 31, 2017

MARKS PANETH

ACCOUNTANTS & ADVISORS

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
FINANCIAL STATEMENTS
(Together with Independent Accountant's Review Report)
YEAR ENDED DECEMBER 31, 2017

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ACCOUNTANTS & ADVISORS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Artworks, Naomi Cohain Foundation, Inc.
New York, NY

We have reviewed the accompanying financial statements of Artworks, Naomi Cohain Foundation, Inc. (A nonprofit Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of any opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Purchase, New York
October 12, 2018



Morison KSi
Independent member

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF 'DECEMBER 31, 2017

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 57,743
Investments	144,659
Contribution receivable	90,918
Prepaid expenses	1,694
Security deposits	1,840
TOTAL ASSETS	<u>\$ 296,854</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	\$ 11,518
NET ASSETS	
Unrestricted	<u>285,336</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 296,854</u>

See independent accountant's review report and notes to financial statements.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

CONTRIBUTIONS AND OTHER REVENUE:	
Contributions	\$ 93,524
Program revenue	191,474
Benefit income (net of direct expenses of \$51,271)	42,246
Investment income	5,952
Contribution In-Kind	30,000
Other Income	<u>833</u>
Total Contributions and Other Revenue	<u>364,029</u>
EXPENSES:	
Program services	346,690
Management and general	43,060
Fundraising	<u>52,083</u>
Total Expenses	<u>441,833</u>
CHANGE IN UNRESTRICTED NET ASSETS	(77,804)
NET ASSETS - BEGINNING OF YEAR	<u>363,140</u>
NET ASSETS - END OF YEAR	<u><u>\$ 285,336</u></u>

See independent accountant's review report and notes to financial statements.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Performing arts program expenses	\$ 31,970	\$ -	\$ -	\$ 31,970
Salaries and fees	232,253	8,497	42,485	283,235
Professional fees	-	2,643	-	2,643
Insurance	13,615	498	2,491	16,604
Travel and entertainment	1,913	70	350	2,333
Office expenses	11,127	407	2,035	13,569
Dues and subscriptions	294	11	54	358
Bad Debt Expense	-	30,000	-	30,000
Rent expense	13,136	481	2,403	16,019
Utilities	5,718	209	1,046	6,973
Website	280	10	51	341
In-Kind Supplies	30,000	-	-	30,000
Miscellaneous expenses	6,386	234	1,168	7,788
Total Expenses	<u>\$ 346,690</u>	<u>\$ 43,060</u>	<u>\$ 52,083</u>	<u>\$ 441,833</u>

See independent accountant's review report and notes to financial statements.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (77,804)
Realized and unrealized loss on investments, net	1,933
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in:	
Contributions receivable	40,053
Prepaid expenses	(475)
Accounts payables	9,426
NET CASH USED IN OPERATING ACTIVITIES	<u>(26,867)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(71,267)
Proceeds from investment sales	98,908
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>27,641</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	774
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>56,969</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 57,743</u></u>

See independent accountant's review report and notes to financial statements.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 – ORGANIZATION AND MISSION

Artworks, Naomi Cohain Foundation, Inc. (the "Organization") provides children and young adults suffering from chronic and life-threatening illnesses, and their families, access to creative and performing arts programming which encourages the use of the creative process as a vehicle for healing, communication, self-expression and personal development. The Organization seeks to empower, validate and honor these children by offering them hands-on experience, supplies to create and the opportunity to publicly share their artistic accomplishments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Tax Status

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal income tax, pursuant to Section (c) (3) of the Internal Revenue Code.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 740 ("Income Taxes") which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Basis of Presentation

In accordance with Financial Accounting Standards Board (FASB) ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets.

In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions as specified below.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Charity and/or passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Charity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenue, and expenses, as well as the disclosure of contingent assets and liabilities at the date of financial statements. Actual results may differ from those estimates.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly debt liquid instruments with an original maturity of three months or less when acquired to be cash equivalents.

Contributions Receivable

Contributions receivable represents amounts committed by donors that have not been received by the Organization.

Revenue Recognition

In accordance with FASB ASC 958-310, contributions are recognized as revenue when they are received or unconditionally pledged.

The Organization 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 by the passage of time or its restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenues and support.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Program revenue is recorded as revenue in the period in which the underlying services are provided or the fees are earned. Advance receipts, if any, are recorded as deferred revenue.

Fixed Assets and Depreciation

Fixed assets are recorded at cost if purchased or at fair value at date of contribution if contributed. Depreciation of furniture and equipment is computed by the straight-line method over the estimated useful lives of the assets.

Functional Allocation of Expenses

The costs of providing the various programs and the supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and the supporting services benefited.

Concentration of Credit Risk

The Organization maintains its cash with one bank. Cash at banks in excess of Federal Deposit Insurance Corporation ("FDIC") limits of \$250,000 was \$-0- at December 31, 2017.

ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 3 – INVESTMENTS

Investments are comprised of mutual funds. The following table summarizes the fair market value as of December 31, 2017.

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 128,242			\$ 128,242
Alternative assets	-	\$ -	\$ 71,675	71,675
Total mutual funds	<u>\$ 128,242</u>	<u>\$ -</u>	<u>\$ 71,675</u>	<u>\$ 199,917</u>

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Alternative Investments

Investments in hedge funds, funds of funds and limited partnerships ("alternative investments") are stated at fair value as estimated in an unquoted market (Level 3). Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Because of the inherent uncertainty of valuations of these investments, values for these investments may differ significantly from values that would have been used had a ready market for the investments existed.

**ARTWORKS, NAOMI COHAIN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 3 – INVESTMENTS (CONTINUED)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Level 3 – Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended December 31, 2017.

	<u>Alternative Investments</u>
Balance, beginning of year	\$ 59,023
Net unrealized gain relating to instruments still held at the reporting date	12,652
Balance, end of year	<u>\$ 71,675</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Effective September 1, 2016, the Organization entered into a lease for its office that expired August 31, 2018. The office lease was renewed for a period of two years on September 1, 2018 at an adjustment of 3% of the monthly office payment of \$1,499.

Rent expense for the year ended December 31, 2017 was \$16,019. Minimum lease payments for the years subsequent to December 31, 2017 are as follows:

2018	\$11,999
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NOTE 5 – DONATIONS IN KIND

Management recognizes donated goods and services as contribution revenues and related expenses at the estimated fair value of those goods and services. These amounts are included on the statement of activities and changes in net assets. The estimated fair market value of these donations for the years ended December 31, 2017 was \$30,000.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through October 12, 2018, the date the financial statements were available to be issued.