



**INCLUSIVE ARTS VERMONT, INC.
(FORMERLY VSA VERMONT, INC.)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

**INCLUSIVE ARTS VERMONT, INC.
(FORMERLY VSA VERMONT, INC.)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

INCLUSIVE ARTS VERMONT, INC.

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VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Inclusive Arts Vermont, Inc. (formerly VSA Vermont, Inc.)
Essex Junction, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of Inclusive Arts Vermont, Inc. (formerly VSA Vermont, Inc.) (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, 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 representation 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 the risk 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 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 Inclusive Arts Vermont, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jmm & Associates

February 18, 2020

INCLUSIVE ARTS VERMONT, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

A S S E T S

	2019	2018
CURRENT ASSETS		
Cash	\$ 311,613	\$ 327,039
Grants and other receivables	5,255	55,129
Prepaid expenses	5,528	5,245
TOTAL CURRENT ASSETS	322,396	387,413
 PROPERTY AND EQUIPMENT		
Intangible assets	3,050	-
Less accumulated amortization	-	-
TOTAL PROPERTY AND EQUIPMENT	3,050	-
 TOTAL ASSETS	\$ 325,446	\$ 387,413

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 2,725	\$ 2,398
Accrued payroll and related liabilities	12,715	12,834
Unearned revenue	-	4,200
TOTAL CURRENT LIABILITIES	15,440	19,432
 NET ASSETS		
Net assets without donor restrictions:		
Board-designated	100,000	100,000
Undesignated	139,494	155,851
Total net assets without donor restrictions	239,494	255,851
Net assets with donor restrictions - restricted by time or purpose	70,512	112,130
TOTAL NET ASSETS	310,006	367,981
 TOTAL LIABILITIES AND NET ASSETS	\$ 325,446	\$ 387,413

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS		
SUPPORT AND REVENUE		
Public contributions	\$ 125,003	\$ 140,240
Grants	22,580	42,436
Program fees	48,393	37,026
Interest income	531	474
Subtotal - Support and Revenue	<u>196,507</u>	<u>220,176</u>
Net assets released from restrictions	<u>121,618</u>	<u>148,763</u>
TOTAL SUPPORT AND REVENUE	<u>318,125</u>	<u>368,939</u>
EXPENSES		
Program services	212,042	248,453
General and administrative	74,864	56,394
Fundraising	<u>47,576</u>	<u>55,598</u>
TOTAL EXPENSES	<u>334,482</u>	<u>360,445</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(16,357)	8,494
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>255,851</u>	<u>247,357</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 239,494</u>	<u>\$ 255,851</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 80,000	\$ 123,388
Net assets released from restrictions	<u>(121,618)</u>	<u>(148,763)</u>
TOTAL SUPPORT AND REVENUE	<u>(41,618)</u>	<u>(25,375)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(41,618)	(25,375)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>112,130</u>	<u>137,505</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 70,512</u>	<u>\$ 112,130</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (57,975)</u>	<u>\$ (16,881)</u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2019

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries and wages	\$ 145,342	\$ 46,059	\$ 32,681	\$ 224,082	\$ 237,293
Payroll taxes	12,076	3,552	2,693	18,321	19,851
Fringe benefits	11,357	6,798	3,199	21,354	24,436
Total Personnel	<u>168,775</u>	<u>56,409</u>	<u>38,573</u>	<u>263,757</u>	<u>281,580</u>
Travel and meals	14,548	3,352	6	17,906	22,273
Occupancy	9,623	3,050	2,164	14,837	15,188
Office expenses	4,399	4,899	4,875	14,173	10,219
Professional services	5,773	4,892	1,298	11,963	9,397
Program supplies	5,017	51	86	5,154	4,831
Contracted services	1,900	664	-	2,564	8,699
Online services	1,214	385	273	1,872	6,116
Insurance	793	223	178	1,194	2,072
Advertising	-	888	-	888	-
Miscellaneous	-	51	123	174	70
TOTAL EXPENSES	<u>\$ 212,042</u>	<u>\$ 74,864</u>	<u>\$ 47,576</u>	<u>\$ 334,482</u>	<u>\$ 360,445</u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2018

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 167,284	\$ 32,870	\$ 37,139	\$ 237,293
Payroll taxes	14,212	2,600	3,039	19,851
Fringe benefits	14,729	4,353	5,354	24,436
Total Personnel	<u>196,225</u>	<u>39,823</u>	<u>45,532</u>	<u>281,580</u>
Travel and meals	16,218	3,921	2,134	22,273
Occupancy	10,707	2,104	2,377	15,188
Office expenses	5,772	2,030	2,417	10,219
Professional services	3,525	5,089	783	9,397
Contracted services	5,618	2,293	788	8,699
Online services	4,312	847	957	6,116
Program supplies	4,615	-	216	4,831
Insurance	1,461	287	324	2,072
Miscellaneous	-	-	70	70
Advertising	-	-	-	-
TOTAL EXPENSES	<u><u>\$ 248,453</u></u>	<u><u>\$ 56,394</u></u>	<u><u>\$ 55,598</u></u>	<u><u>\$ 360,445</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 72,454	\$ 36,736
Cash received from contributions	205,003	263,628
Program and miscellaneous income	44,193	41,226
Interest received	531	474
Cash paid to suppliers for goods and services	(70,682)	(82,631)
Cash paid for salaries, taxes and benefits	<u>(263,875)</u>	<u>(283,591)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(12,376)</u>	<u>(24,158)</u>
NET CASH FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(3,050)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,050)</u>	<u>-</u>
DECREASE IN CASH	(15,426)	(24,158)
BEGINNING CASH	<u>327,039</u>	<u>351,197</u>
ENDING CASH	<u><u>\$ 311,613</u></u>	<u><u>\$ 327,039</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Inclusive Arts Vermont, Inc. (formerly VSA Vermont, Inc.) (IAVT or the Organization), a nonprofit organization located in Essex Junction, Vermont, was created for the purpose of making the world of arts accessible to all Vermonters through training and education, through resource referrals and through public arts programs. The Organization receives revenue primarily from government and foundation grants and private contributions. The Organization's name was changed from VSA Vermont, Inc. to Inclusive Arts Vermont, Inc. in 2019.

Programs and activities

IAVT's programs include:

Arts Education - In collaboration with partnering educational and social service organizations, IAVT provides inclusive arts education and workshops in visual arts, music, theater and dance for Vermonters of all ages and abilities. The Organization's education programs are designed to help participants use their strongest expressive means for engaged community participation.

Professional Development - IAVT professional development workshops and classes are designed to help artists learn inclusive teaching methods, and to help educators and social service providers use the arts to more fully engage their students or clients. IAVT professional development programs are presented in collaboration with a variety of arts and education partners.

Cultural Access - IAVT assists arts organizations in presenting more artists with disabilities and in welcoming more visitors and audience members with disabilities. IAVT also engages the public in inclusive arts activities such as exhibitions, performances and events including a BOOM VT drum festival. IAVT cultural access programs are presented in collaboration with community cultural organizations and businesses across Vermont.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded as incurred.

Change in accounting principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Inclusive Arts Vermont, Inc. has implemented ASU 2016-14 as of October 1, 2018 and has adjusted the presentation in these financial statements accordingly.

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation

With the adoption of ASU 2016-14, Inclusive Arts Vermont, Inc. is required to report its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, Inclusive Arts Vermont, Inc. considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank per depositor. Amounts in excess of the FDIC limit were \$0 as of September 30, 2019 and 2018.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect costs have been allocated to the various program based on estimated time spent by each employee.

Income taxes

Inclusive Arts Vermont, Inc. is a nonprofit corporation exempt from income taxes under IRC Section 501(c)(3) except for net income derived from unrelated business income activities, if any. IAVT has been classified as an organization that is not a private foundation under IRC 509(a)(2), and donations to the Organization qualify as charitable deductions for individual donors. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions

Inclusive Arts Vermont, Inc. reports its contributions as increases in net assets with donor restrictions or without donor restriction depending on the existence and/or nature of any donor restrictions.

Donor-restricted support results from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of IAVT. Contributions of long-lived assets or cash used to acquire long-lived assets (property and equipment) are released from time restrictions, if not expressed by the donor, when the acquired asset is placed in service.

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Inclusive Arts Vermont, Inc. capitalizes acquisitions of property and equipment with a value of \$3,000 or more. Property and equipment is stated at cost if purchased, or at fair value if donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated services

Donated services that meet certain criteria are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Numerous volunteers perform various clerical functions to support program activities, and no amounts have been recorded for these services.

Grant and contract support

Inclusive Arts Vermont, Inc. recognizes grant and contract funds on an exchange basis. As such, revenues are booked as the grant is earned. In accordance with the normal policies of the contracting organizations, IAVT may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant or contract, as defined. The organizations may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by IAVT with the terms of the grants or contracts.

Reclassification

Certain amounts in the 2018 financial statements have been reclassified in order to provide an improved comparison with the 2019 financial statements.

2) LIQUIDITY

Inclusive Arts Vermont, Inc. regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, primarily cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of program services as well as the conduct of services undertaken to support those activities to be general expenditures.

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

2) LIQUIDITY (continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the Statements of Cash Flows which identify the sources and uses of the Organization's cash.

As of September 30, 2019, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the Statement of Financial Position date to meet general expenditures:

Financial assets at year-end:		
Cash	\$	311,613
Grants and other receivables		<u>5,255</u>
	\$	<u><u>316,868</u></u>

3) GRANTS AND OTHER RECEIVABLES

Grants and other receivables represent grants due from the grantor in less than one year. Due to the current nature of the amounts, no allowance for uncollectible accounts has been recorded. There was no bad debt expense related to grants receivable for the years ended September 30, 2019 or 2018.

4) BOARD-DESIGNATED NET ASSETS

The Board of Directors of Inclusive Arts Vermont, Inc. has designated a portion of its net assets without donor restrictions to serve as an operating reserve. The funds are invested in money market accounts, and Board-designated net assets were \$100,000 as of September 30, 2019 and 2018.

5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of September 30:

	<u>2019</u>	<u>2018</u>
Restricted by time or purpose:		
Start with the Arts	\$ 70,512	\$ 108,630
Mentoring	-	3,000
Other	-	<u>500</u>
	<u>\$ 70,512</u>	<u>\$ 112,130</u>

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

6) LEASES

Effective June 2015, Inclusive Arts Vermont, Inc. leased office space in Essex Junction, Vermont under an operating lease that expires in May 2020. Rent expenses were \$14,837 and \$14,738 for the years ended September 30, 2019 and 2018, respectively.

Future minimum lease commitments for the year ending September 30 is as follows:

2020	<u>\$ 10,000</u>
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7) CONTINGENCY

Inclusive Arts Vermont, Inc. receives financial assistance from the Federal government, entitlement to which is generally based on compliance with the terms and conditions of the grant agreements and applicable federal regulations. Substantially all of these grants are subject to financial and compliance audits by the grantors, and any disallowances as a result of such audits would become a liability of IAVT. As of September 30, 2019, management estimates that there are no material liabilities that would result from audits.

8) SUBSEQUENT EVENTS

Inclusive Arts Vermont, Inc. has evaluated events and transactions for potential recognition or disclosure through February 18, 2020, the date the financial statements were available to be issued.