



INCLUSIVE ARTS VERMONT, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

INCLUSIVE ARTS VERMONT, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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.
Essex Junction, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of Inclusive Arts Vermont, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020 and 2019, 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

April 12, 2021

INCLUSIVE ARTS VERMONT, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

A S S E T S

	2020	2019
CURRENT ASSETS		
Cash	\$ 241,934	\$ 311,613
Grants and other receivables	11,212	5,255
Prepaid expenses	7,105	5,528
TOTAL CURRENT ASSETS	260,251	322,396
 PROPERTY AND EQUIPMENT		
Intangible assets	3,050	3,050
Less accumulated amortization	(610)	-
TOTAL PROPERTY AND EQUIPMENT	2,440	3,050
 TOTAL ASSETS	\$ 262,691	\$ 325,446

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 436	\$ 2,725
Accrued payroll and related liabilities	17,502	12,715
TOTAL CURRENT LIABILITIES	17,938	15,440
 NET ASSETS		
Net assets without donor restrictions:		
Board-designated	100,000	100,000
Undesignated	97,253	139,494
Total net assets without donor restrictions	197,253	239,494
Net assets with donor restrictions - restricted by time or purpose	47,500	70,512
TOTAL NET ASSETS	244,753	310,006
 TOTAL LIABILITIES AND NET ASSETS	\$ 262,691	\$ 325,446

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS		
SUPPORT AND REVENUE		
Public contributions	\$ 97,893	\$ 125,003
Grants	33,394	22,580
Program fees	20,642	48,393
Interest income	313	531
Subtotal - Support and Revenue	<u>152,242</u>	<u>196,507</u>
Net assets released from restrictions	<u>137,012</u>	<u>121,618</u>
TOTAL SUPPORT AND REVENUE	<u>289,254</u>	<u>318,125</u>
EXPENSES		
Program services	193,764	212,042
Support services:		
General and administrative	64,658	74,864
Fundraising	73,073	47,576
Total Support services	<u>137,731</u>	<u>122,440</u>
TOTAL EXPENSES	<u>331,495</u>	<u>334,482</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(42,241)	(16,357)
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>239,494</u>	<u>255,851</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 197,253</u>	<u>\$ 239,494</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 114,000	\$ 80,000
Net assets released from restrictions	<u>(137,012)</u>	<u>(121,618)</u>
TOTAL SUPPORT AND REVENUE	<u>(23,012)</u>	<u>(41,618)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(23,012)	(41,618)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>70,512</u>	<u>112,130</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 47,500</u>	<u>\$ 70,512</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (65,253)</u>	<u>\$ (57,975)</u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2020

**FOR THE YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>2019 Total</u>
Salaries and wages	\$ 131,568	\$ 41,723	\$ 48,719	\$ 222,010	\$ 224,082
Payroll taxes	10,491	3,225	3,857	17,573	18,321
Fringe benefits	16,643	7,094	8,836	32,573	21,354
Total Personnel	<u>158,702</u>	<u>52,042</u>	<u>61,412</u>	<u>272,156</u>	<u>263,757</u>
Occupancy	8,792	2,788	3,256	14,836	14,837
Professional services	5,393	4,777	1,997	12,167	11,963
Travel and meals	6,502	2,027	71	8,600	17,906
Office expenses	4,046	1,291	2,839	8,176	14,173
Program supplies	5,467	36	-	5,503	5,154
Contracted services	2,194	-	2,450	4,644	2,564
Online services	1,592	505	590	2,687	1,872
Insurance	1,076	341	399	1,816	1,194
Depreciation	-	610	-	610	-
Advertising	-	153	-	153	888
Miscellaneous	-	88	59	147	174
TOTAL EXPENSES	<u><u>\$ 193,764</u></u>	<u><u>\$ 64,658</u></u>	<u><u>\$ 73,073</u></u>	<u><u>\$ 331,495</u></u>	<u><u>\$ 334,482</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES - 2019
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 27,437	\$ 72,454
Cash received from contributions	211,893	205,003
Program and miscellaneous income	20,642	44,193
Interest received	313	531
Cash paid to suppliers for goods and services	(62,596)	(70,682)
Cash paid for salaries, taxes and benefits	<u>(267,368)</u>	<u>(263,875)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(69,679)</u>	<u>(12,376)</u>
NET CASH FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(3,050)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(3,050)</u>
DECREASE IN CASH	(69,679)	(15,426)
BEGINNING CASH	<u>311,613</u>	<u>327,039</u>
ENDING CASH	<u><u>\$ 241,934</u></u>	<u><u>\$ 311,613</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Inclusive Arts 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.

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.

Financial statement presentation

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.

Reclassification

Certain amounts in the 2019 financial statements have been reclassified in order to provide an improved comparison with the 2020 financial statements.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

Changes in accounting principles

Effective October 1, 2019, Inclusive Arts Vermont, Inc. adopted Accounting Standards Update (ASU) 2014-09 - *Revenue from Contracts with Customers* (Topic 606), as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and, therefore, no changes to the previously-issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Effective October 1, 2019, the Organization also adopted ASU 2016-18, *Statement of Cash Flows* (Topic 230), as amended. This ASU requires that a statement of cash flows explain the changes during the period in the total cash, cash equivalents and amounts generally described as restricted cash. The Organization has applied the provisions of ASU 2016-18 retrospectively to all periods presented with no effect on net assets.

Effective October 1, 2019, Inclusive Arts Vermont, Inc. adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. There was no material impact to the financial statements as a result of adoption, and no effect on net assets or previously-issued financial statements.

Pending accounting standard

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842), which will replace the current guidance for leases found in FASB ASC 840. ASU No. 2016-02 will affect most not-for-profit entities for annual reporting periods beginning on or after December 15, 2020 (IAVT's fiscal year ending September 30, 2022). ASU No. 2016-02 applies to both lessees and lessors and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more. Management has not yet determined the impact of this ASU on the Organization's financial statements.

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, 2020 and 2019.

Property and equipment

Inclusive Arts Vermont, Inc. capitalizes acquisitions of property and equipment with a value of \$3,000 or more and have a useful life of more than one year. 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.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

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 functions 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.

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.

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.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

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.

The Organization provides educational and training services for other nonprofits and local schools under contracts for services. A contract with a customer may create legal rights and obligations whether or not the contract is in writing. Revenue from contracts with customers is recognized when each performance obligation is satisfied.

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.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization prepares a balanced budget and strives to collect 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, 2020 and 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 dates of the Statements of Financial Position to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 241,934	\$ 311,613
Grants and other receivables	11,212	5,255
Subtotal - financial assets	<u>253,146</u>	<u>316,868</u>
Less amounts not available to meet general expenditures over the next twelve months:		
Net assets with donor restrictions	<u>(47,500)</u>	<u>(70,512)</u>
	<u>\$ 205,646</u>	<u>\$ 246,356</u>

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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, 2020 or 2019.

4) REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance obligations are satisfied when the performance obligation is met and the services are delivered. For educational programs, this is upon completion of each session. There were no material contract assets or contract liabilities as of the beginning or ending of the years ended September 30, 2020 and 2019.

5) 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, which are invested in money market accounts. Board-designated net assets were \$100,000 as of September 30, 2020 and 2019.

6) NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Restricted by time or purpose:		
Start with the Arts	\$ 40,000	\$ 70,512
Arts to Smarts	7,500	-
	\$ 47,500	\$ 70,512

7) LEASES

Effective June 2015, Inclusive Arts Vermont, Inc. leased office space in Essex Junction, Vermont under an operating lease that expired in May 2020 and continues on a monthly basis. Rent expenses were \$14,836 and \$14,837 for the years ended September 30, 2020 and 2019, respectively. There are no future commitments as of September 30, 2020.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

8) 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, 2020, management estimates that there are no material liabilities that would result from audits.

9) GLOBAL PANDEMIC

In March 2020, the world experienced a global pandemic, COVID-19, which has dramatically decreased economic activity. Certain of the Organization's programs were either cancelled or converted to an electronic remote platform due to restrictions imposed by the State of Vermont executive order. Additionally, to the extent possible, IAVT personnel switched to remote work under flexible schedules. The Organization received some supplemental Federal and State grants to assist with operations. As of the report date, it is not possible to determine the impact of this health crisis on IAVT's operations.

10) SUBSEQUENT EVENTS

In February 2021, the Organization received a \$45,620 loan from Northfield Savings Bank under the U.S. Small Business Administration (SBA) Paycheck Protection Program. Under SBA regulations, a portion or all of the loan may be forgiven if the proceeds are used for eligible purposes, primarily personnel costs.

Inclusive Arts Vermont, Inc. has evaluated events and transactions for potential recognition or disclosure through April 12, 2021, the date the financial statements were available to be issued.