



INCLUSIVE ARTS VERMONT, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

INCLUSIVE ARTS VERMONT, INC.

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SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Inclusive Arts Vermont, Inc.
Essex Junction, Vermont

Opinion

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, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inclusive Arts Vermont, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair representation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inclusive Arts Vermont, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Inclusive Arts Vermont, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inclusive Arts Vermont, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Jmm & Associates

August 4, 2023

INCLUSIVE ARTS VERMONT, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

A S S E T S

	2022	2021
CURRENT ASSETS		
Cash	\$ 208,770	\$ 222,815
Grants and other receivables	8,190	4,291
Prepaid expenses	5,873	7,510
TOTAL CURRENT ASSETS	222,833	234,616
 PROPERTY AND EQUIPMENT		
Intangible assets	3,050	3,050
Less accumulated amortization	(1,830)	(1,220)
TOTAL PROPERTY AND EQUIPMENT	1,220	1,830
 TOTAL ASSETS	\$ 224,053	\$ 236,446

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 667	\$ -
Accrued payroll and related liabilities	22,687	18,936
TOTAL CURRENT LIABILITIES	23,354	18,936
 NET ASSETS		
Net assets without donor restrictions:		
Board-designated	100,000	100,000
Undesignated	48,199	77,510
Total net assets without donor restrictions	148,199	177,510
Net assets with donor restrictions - restricted by time or purpose	52,500	40,000
TOTAL NET ASSETS	200,699	217,510
 TOTAL LIABILITIES AND NET ASSETS	\$ 224,053	\$ 236,446

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS		
SUPPORT AND REVENUE		
Public contributions	\$ 103,176	\$ 104,636
Grants	105,351	81,566
Program fees	46,201	42,787
Interest income	114	236
Subtotal - Support and Revenue	<u>254,842</u>	<u>229,225</u>
Net assets released from restrictions	<u>104,500</u>	<u>94,260</u>
TOTAL SUPPORT AND REVENUE	<u>359,342</u>	<u>323,485</u>
EXPENSES		
Program services	<u>253,963</u>	<u>182,658</u>
Support services:		
General and administrative	81,929	99,243
Fundraising	<u>52,761</u>	<u>61,327</u>
Total Support services	<u>134,690</u>	<u>160,570</u>
TOTAL EXPENSES	<u>388,653</u>	<u>343,228</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(29,311)	(19,743)
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>177,510</u>	<u>197,253</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 148,199</u>	<u>\$ 177,510</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 117,000	\$ 86,760
Net assets released from restrictions	<u>(104,500)</u>	<u>(94,260)</u>
TOTAL SUPPORT AND REVENUE	<u>12,500</u>	<u>(7,500)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	12,500	(7,500)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>40,000</u>	<u>47,500</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 52,500</u>	<u>\$ 40,000</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ (16,811)</u>	<u>\$ (27,243)</u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2022

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
Salaries and wages	\$ 174,756	\$ 57,489	\$ 36,195	\$ 268,440	\$ 237,295
Payroll taxes	12,411	5,610	2,872	20,893	18,645
Fringe benefits	23,153	9,090	5,723	37,966	34,423
 Total Personnel	 210,320	 72,189	 44,790	 327,299	 290,363
 Office expenses	 8,452	 2,083	 2,813	 13,348	 7,666
Travel and meals	10,168	870	-	11,038	2,287
Professional services	5,832	3,409	1,208	10,449	11,724
Contracted services	7,068	96	61	7,225	3,100
Occupancy	4,024	1,324	834	6,182	14,836
Program supplies	3,972	6	1,562	5,540	6,206
Online services	2,015	663	849	3,527	2,731
Insurance	1,628	536	337	2,501	4,714
Miscellaneous	484	143	307	934	(1,009)
Depreciation	-	610	-	610	610
 TOTAL EXPENSES	 \$ 253,963	 \$ 81,929	 \$ 52,761	 \$ 388,653	 \$ 343,228

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES - 2021
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 125,629	\$ 68,659	\$ 43,007	\$ 237,295
Payroll taxes	9,878	5,373	3,394	18,645
Fringe benefits	16,840	10,811	6,772	34,423
 Total Personnel	 152,347	 84,843	 53,173	 290,363
Occupancy	7,855	4,292	2,689	14,836
Professional services	4,871	5,186	1,667	11,724
Office expenses	3,772	1,933	1,961	7,666
Program supplies	6,056	150	-	6,206
Insurance	2,496	1,364	854	4,714
Contracted services	2,000	600	500	3,100
Online services	1,432	799	500	2,731
Travel and meals	2,121	166	-	2,287
Depreciation	-	610	-	610
Miscellaneous	(292)	(700)	(17)	(1,009)
 TOTAL EXPENSES	 <u><u>\$ 182,658</u></u>	 <u><u>\$ 99,243</u></u>	 <u><u>\$ 61,327</u></u>	 <u><u>\$ 343,228</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 101,452	\$ 88,487
Cash received from contributions	220,176	191,396
Program and miscellaneous income	46,201	42,787
Interest received	114	236
Cash paid to suppliers for goods and services	(58,441)	(53,097)
Cash paid for salaries, taxes and benefits	<u>(323,547)</u>	<u>(288,928)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(14,045)</u>	<u>(19,119)</u>
DECREASE IN CASH	(14,045)	(19,119)
BEGINNING CASH	<u>222,815</u>	<u>241,934</u>
ENDING CASH	<u><u>\$ 208,770</u></u>	<u><u>\$ 222,815</u></u>

See accompanying notes.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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 an annual paint-a-thon event. 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 2021 financial statements have been reclassified in order to provide an improved comparison with the 2022 financial statements.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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

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, 2021 (IAVT's fiscal year ending September 30, 2023). 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, 2022 and 2021.

Property and equipment

Inclusive Arts Vermont, Inc. capitalizes acquisitions of property and equipment with a value of \$3,000 or more that 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.

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.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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

Contributions

Inclusive Arts Vermont, Inc. reports its contributions as increases in net assets with donor restrictions or without donor restrictions 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. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are initially reported as donor-restricted support, and will be released from restrictions by reclassifying net assets with donor restrictions to net assets without donor restrictions when the asset is placed in service, unless the donor also placed a time restriction on the use of the long-lived asset, in which case the release occurs over the life of the time restriction.

IAVT recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

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, however no amounts have been recorded for these services as they did not meet the criteria for recognition.

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.

Grants

A portion of IAVT's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. IAVT books revenues as grants are earned. In accordance with the normal policies of the granting organizations, IAVT may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant, 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.

INCLUSIVE ARTS VERMONT, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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

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, 2022 and 2021, 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:

	2022	2021
Financial assets at year-end:		
Cash	\$ 208,770	\$ 222,815
Grants and other receivables	8,190	4,291
Total financial assets at year-end	216,960	227,106
Less amounts not available to meet general expenditures:		
Restricted by donor for specific purposes	(52,500)	(40,000)
Financial assets available to meet general expenditures over the next 12 months	\$ 164,460	\$ 187,106

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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, 2022 or 2021.

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. The Organization recognized \$46,201 and \$42,787 in revenue from program fees for the years ended September 30, 2022 and 2021, respectively.

There were no material contract assets or contract liabilities as of the beginning or end of the years ended September 30, 2022 and 2021.

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, 2022 and 2021.

6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$52,500 and \$40,000 as of September 30, 2022 and 2021, respectively, and were restricted for the Start with the Arts Program.

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 continued on a monthly basis. Rent expenses were \$6,182 and \$14,836 for the years ended September 30, 2022 and 2021, respectively. IAVT moved to a fully remote work environment in 2022 and cancelled the lease as of February 2022. There were no future commitments as of September 30, 2022.

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, 2022, management estimates that there are no material liabilities that would result from audits.

INCLUSIVE ARTS VERMONT, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

9) GLOBAL PANDEMIC

In March 2020, the world experienced a global pandemic, COVID-19, which dramatically decreased economic activity. Certain programs were either cancelled or converted to an electronic remote platform due to restrictions imposed by the State of Vermont's executive order. Additionally, to the extent possible, IAVT personnel switched to remote work under flexible schedules. In February 2022, the Organization closed its central office causing the management team to have to work remotely. The Organization is resuming some in-person programming work. 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

Inclusive Arts Vermont, Inc. has evaluated events and transactions for potential recognition or disclosure through August 4, 2023, the date the financial statements were available to be issued.