



CRAFT EMERGENCY RELIEF FUND, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

CRAFT EMERGENCY RELIEF FUND, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

CRAFT EMERGENCY RELIEF FUND, INC.

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VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Craft Emergency Relief Fund, Inc.
Montpelier, Vermont

We have audited the accompanying financial statements of Craft Emergency Relief Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended September 30, 2019, 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.

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 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 auditor's 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.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

336 Water Tower Circle, Suite 801 ■ Colchester, VT 05446 ■ 802 655 5665 ■ FAX: 802 655 5666 ■ JMM@JMMCPA.NET

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Craft Emergency Relief Fund, 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 10, 2020

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash | \$ 258,104 | \$ 252,192 |
| Current portion of pledges receivable | 105,500 | 154,000 |
| Current portion of loans receivable | 25,000 | 22,000 |
| Bequests receivable | 1,000 | 6,000 |
| Prepaid expenses | 10,960 | 9,488 |
| TOTAL CURRENT ASSETS | <u>400,564</u> | <u>443,680</u> |
| | | |
| PROPERTY AND EQUIPMENT | | |
| Equipment | 15,313 | 14,277 |
| Website | 18,500 | 18,500 |
| | <u>33,813</u> | <u>32,777</u> |
| Less accumulated depreciation | <u>(13,899)</u> | <u>(17,540)</u> |
| TOTAL PROPERTY AND EQUIPMENT | <u>19,914</u> | <u>15,237</u> |
| | | |
| OTHER ASSETS | | |
| Investments | 1,856,296 | 1,240,725 |
| Noncurrent pledges receivable | - | 563 |
| Noncurrent loans receivable, net | 18,771 | 40,370 |
| TOTAL OTHER ASSETS | <u>1,875,067</u> | <u>1,281,658</u> |
| | | |
| TOTAL ASSETS | <u>\$ 2,295,545</u> | <u>\$ 1,740,575</u> |

See accompanying notes.

LIABILITIES AND NET ASSETS

| | 2019 | 2018 |
|---|--------------|--------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 31,199 | \$ 1,223 |
| Accrued salaries and related liabilities | 15,564 | 13,033 |
| Accrued vacation | 20,147 | 25,730 |
| | | |
| TOTAL CURRENT LIABILITIES | 66,910 | 39,986 |
| | | |
| TOTAL LIABILITIES | 66,910 | 39,986 |
| | | |
| NET ASSETS | | |
| Net assets without donor restrictions: | | |
| Undesignated | 278,887 | 429,686 |
| Board designated: | | |
| CERF+ At the Ready Fund | 156,286 | 156,286 |
| Board reserve | 441,898 | 441,898 |
| Long-term investment | 359,384 | 105,503 |
| Total net assets without donor restrictions | 1,236,455 | 1,133,373 |
| Net assets with donor restrictions | 992,180 | 567,216 |
| | | |
| TOTAL NET ASSETS | 2,228,635 | 1,700,589 |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,295,545 | \$ 1,740,575 |

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| SUPPORT AND REVENUE | | |
| Grants and contributions | \$ 614,855 | \$ 729,818 |
| In-kind contributions | 57,845 | 86,481 |
| Fundraising events | 11,143 | 5,835 |
| Investment income | 121,059 | 46,427 |
| Sales and other income | 14,226 | 8,284 |
| | <u>819,128</u> | <u>876,845</u> |
| Net assets released from restrictions | 394,979 | 714,988 |
| | <u>1,214,107</u> | <u>1,591,833</u> |
| TOTAL SUPPORT AND REVENUE | | |
| EXPENSES | | |
| Program services: | | |
| Emergency response | 349,930 | 867,038 |
| Education and training | 310,134 | 269,586 |
| Outreach, marketing and advocacy | 184,136 | 112,660 |
| Subtotal - program services | <u>844,200</u> | <u>1,249,284</u> |
| Support services: | | |
| General and administrative | 163,646 | 114,809 |
| Fundraising | 103,179 | 114,996 |
| Subtotal - support services | <u>266,825</u> | <u>229,805</u> |
| TOTAL EXPENSES | <u>1,111,025</u> | <u>1,479,089</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 103,082 | 112,744 |
| BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>1,133,373</u> | <u>1,020,629</u> |
| ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>\$ 1,236,455</u> | <u>\$ 1,133,373</u> |

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Grants and contributions | \$ 819,943 | \$ 669,180 |
| Net assets released from restrictions | <u>(394,979)</u> | <u>(714,988)</u> |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | 424,964 | (45,808) |
| BEGINNING NET ASSETS WITH DONOR RESTRICTIONS | <u>567,216</u> | <u>613,024</u> |
| ENDING NET ASSETS WITH DONOR RESTRICTIONS | <u><u>\$ 992,180</u></u> | <u><u>\$ 567,216</u></u> |
| TOTAL CHANGE IN NET ASSETS | <u><u>\$ 528,046</u></u> | <u><u>\$ 66,936</u></u> |

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

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

| | <u>Emergency Response</u> | <u>Education & Training</u> | <u>Outreach, Marketing & Advocacy</u> | <u>Total Program Services</u> | <u>General and Administrative</u> | <u>Fundraising</u> | <u>2019 Total</u> | <u>2018 Total</u> |
|------------------------------|-------------------------------|-------------------------------------|---|---------------------------------------|---|--------------------|-----------------------|-----------------------|
| Salaries | \$ 93,022 | \$ 109,534 | \$ 61,844 | \$ 264,400 | \$ 79,113 | \$ 52,584 | \$ 396,097 | \$ 409,283 |
| Employee benefits | 15,893 | 20,483 | 11,067 | 47,443 | 17,712 | 10,409 | 75,564 | 76,098 |
| Payroll taxes | 7,557 | 8,722 | 5,197 | 21,476 | 10,225 | 4,694 | 36,395 | 34,603 |
| Subtotal - personnel costs | 116,472 | 138,739 | 78,108 | 333,319 | 107,050 | 67,687 | 508,056 | 519,984 |
| Grant expense | 194,783 | 20,629 | - | 215,412 | - | - | 215,412 | 595,343 |
| Professional services | 9,971 | 95,595 | 10,957 | 116,523 | 13,479 | 6,995 | 136,997 | 89,744 |
| Travel | 6,381 | 23,694 | 16,978 | 47,053 | 3,597 | 5,162 | 55,812 | 38,703 |
| In-kind expense | - | - | 57,845 | 57,845 | - | - | 57,845 | 86,481 |
| Office expenses | 5,293 | 11,965 | 7,050 | 24,308 | 15,757 | 7,535 | 47,600 | 47,069 |
| Occupancy | 7,182 | 9,441 | 4,787 | 21,410 | 8,550 | 4,787 | 34,747 | 34,721 |
| Information technology | 6,920 | 6,924 | 4,510 | 18,354 | 7,655 | 2,875 | 28,884 | 35,858 |
| Depreciation | 1,307 | 1,619 | 872 | 3,798 | 1,555 | 872 | 6,225 | 6,303 |
| Advertising and promotion | 639 | 260 | 190 | 1,089 | 340 | 4,113 | 5,542 | 7,228 |
| Bank and credit card fees | - | - | 9 | 9 | 3,651 | 79 | 3,739 | 3,483 |
| Insurance | 552 | 683 | 368 | 1,603 | 655 | 368 | 2,626 | 2,855 |
| Conferences and workshops | 430 | 585 | 1,012 | 2,027 | - | 596 | 2,623 | 2,210 |
| Events and donor cultivation | - | - | - | - | - | 2,110 | 2,110 | 2,547 |
| Cost of goods sold | - | - | 1,450 | 1,450 | - | - | 1,450 | 3,004 |
| Bad debt expense | - | - | - | - | 1,357 | - | 1,357 | 3,556 |
| TOTAL EXPENSES | <u>\$ 349,930</u> | <u>\$ 310,134</u> | <u>\$ 184,136</u> | <u>\$ 844,200</u> | <u>\$ 163,646</u> | <u>\$ 103,179</u> | <u>\$ 1,111,025</u> | <u>\$ 1,479,089</u> |

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, 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 contributions | \$ 1,500,004 | \$ 1,747,307 |
| Cash received from interest and dividends | 28,651 | 20,813 |
| Cash received from (paid for) loans receivable | 18,599 | (14,988) |
| Other operating receipts | 14,226 | 8,284 |
| Cash paid for personnel | (511,108) | (520,432) |
| Cash paid to suppliers for goods and services | (510,395) | (886,877) |
| | <u>539,977</u> | <u>354,107</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| | <u>539,977</u> | <u>354,107</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (10,902) | - |
| Sale of investments | 398,758 | 344,906 |
| Purchases of investments | (921,921) | (558,561) |
| | <u>(534,065)</u> | <u>(213,655)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | | |
| | <u>(534,065)</u> | <u>(213,655)</u> |
| INCREASE IN CASH | 5,912 | 140,452 |
| BEGINNING CASH | <u>252,192</u> | <u>111,740</u> |
| ENDING CASH | <u>\$ 258,104</u> | <u>\$ 252,192</u> |

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations and activities

Incorporated in New York in 1985 and now headquartered in Montpelier, Vermont, Craft Emergency Relief Fund, Inc. ("CERF+" or the Organization) is a national artists' service organization whose mission is to serve artists who work in craft disciplines by providing a safety net to support strong and sustainable careers. CERF+'s core services are education programs, advocacy, network building, and emergency relief. Emergency relief consists of: (a) Emergency Preparedness & Recovery Resources, (b) Emergency Preparedness Educational Programs, (c) Artist Preparedness Campaign, (d) National Coalition for Arts Preparedness & Emergency Response, and (e) Research on the Needs & Status of Working Artists. CERF+ fulfills its mission by making direct grants and no-interest loans to craft artists facing career-threatening emergencies, coordinating a booth fee waiver and supply discount program with participating craft shows and suppliers, providing promotional, marketing and business development assistance, and by offering training and education in health, safety, insurance, and disaster preparedness. The Organization's support comes primarily from contributions from individuals, businesses and foundations.

Income taxes

CERF+ is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 501(a) of the Code. In addition, contributions to CERF+ qualify for the charitable contribution deduction under Section 170(b)(2)(A)(vi). CERF+ believes that it has appropriate support for any tax position taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts on deposit in financial institutions and other short-term investments with original maturities of three months or less. Cash and cash equivalents are stated at cost, which approximates market value.

CERF+ maintains all of its cash in Vermont banks. Amounts on deposit are insured up to \$250,000 per depositor per bank. Amounts on deposit in excess of the applicable FDIC limit were \$11,688 and \$16,475 as of September 30, 2019 and 2018, respectively.

Basis of accounting

The financial statements of CERF+ have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial statement presentation

CERF+ is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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

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 of 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. CERF+ implemented ASU 2016-14 as of October 1, 2018 and has adjusted the presentation in these financial statements accordingly.

Comparative totals

The financial statements include certain prior year summarized comparative information in total, which is not a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Reclassification

Portions of the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

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.

Contributions

With the adoption of ASU 2016-14, CERF+ reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statements of Activities as net assets released from restrictions.

Advertising and promotion

Nondirect response advertising is expensed when incurred.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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

Property and equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated market value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports the expiration of donor restrictions when donated assets are placed into service as instructed by the donor, and reclassifies net assets with restrictions to net assets without donor restrictions at that time.

The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments costing greater than \$3,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives.

Pledges receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Loans receivable

Loans receivable are stated at unpaid balances, less an allowance for uncollectible amounts. CERF+ provides for losses on loans receivable using the allowance method. The allowance method is based on experience and other circumstances which may affect the ability of third parties to meet their obligations.

Donated materials and services

Donated materials, when received, are reflected as contributions at the fair value on the date of receipt. CERF+ receives various types of in-kind support, including professional services. Contributed professional services are recognized at fair value if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. No amounts have been recognized for donated services, as there were no amounts which satisfied the criteria for recognition.

Functional allocation of expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities. The Statement of Functional Expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Salaries have been allocated to the various functional classes based on employee time records. Indirect costs that benefit multiple functional areas are allocated based on these payroll allocation percentages.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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

Investments

CERF+ reports investments in marketable securities with readily determinable fair values, and all investments in debt securities at their fair values in the Statements of Financial Position. Fair value is determined by "Level 1" inputs by reference to quoted market prices. Unrealized gains and losses are included in the Statements of Activities.

2) LIQUIDITY

The Organization 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, including cash and cash equivalents, marketable debt and equity securities and a line of credit. See Note 6 for information about the Organization's line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CERF+ considers all expenditures related to its ongoing program activities 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, CERF+ operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of September 30, 2019, the following table shows the total financial assets held by CERF+, 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 September 30, 2019:

| | |
|---|---------------------|
| Cash | \$ 258,104 |
| Pledges receivable | 105,500 |
| Loans receivable, net | 43,771 |
| Bequest receivable | 1,000 |
| - Investments | <u>1,856,296</u> |
| Subtotal - total financial assets | <u>2,264,671</u> |
| Less amounts not available to meet general expenditures: | |
| Noncurrent loans receivable | <u>(18,771)</u> |
| Financial assets available to meet general expenditures over the next 12 months | <u>\$ 2,245,900</u> |

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

3) PLEDGES RECEIVABLE

Included in pledges receivable are the following donor restricted unconditional promises to give as of September 30:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|-------------------|-------------------|
| Disaster relief - Puerto Rico | \$ 100,000 | \$ - |
| Future periods and programs | 5,500 | 54,563 |
| Future sustainability | - | 100,000 |
| | <u>\$ 105,500</u> | <u>\$ 154,563</u> |

Promises to give consisted of the following at September 30:

| | | |
|----------------------------------|-------------------|-------------------|
| Receivable in less than one year | \$ 105,500 | \$ 154,000 |
| Receivable in two to five years | - | 563 |
| | <u>\$ 105,500</u> | <u>\$ 154,563</u> |

Pledges receivable recorded in the Statements of Financial Position at September 30 are as follows:

| | | |
|------------|-------------------|-------------------|
| Current | \$ 105,500 | \$ 154,000 |
| Noncurrent | - | 563 |
| | <u>\$ 105,500</u> | <u>\$ 154,563</u> |

Pledges receivable at September 30, 2019 included a pledge from one donor that accounted for 95% of total pledges. Pledges receivable at September 30, 2018 included a pledge from one donor that accounted for 97% of total pledges. Due to the current nature of pledges receivable, no allowance is deemed necessary.

4) LOANS RECEIVABLE

Until May 2018, CERF+ made loans to craft artists facing career-threatening emergencies. All loans were 60-month, interest-free, unsecured, and ranged from \$500 to \$9,000. CERF+ continues to collect payments on those outstanding loans. CERF+ reviews delinquent loans annually and writes off those at the end of their terms unless a loan is deemed clearly uncollectible prior to the end of the term. If material, CERF+ uses a "risk-free" rate of return to discount the notes receivable to net present value under the assumption that its allowance for uncollectible amounts accounts for market risk inherent in the notes.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

4) LOANS RECEIVABLE (continued)

There were 17 and 18 loans outstanding at September 30, 2019 and 2018, respectively. Write offs for fiscal years 2019 and 2018 consisted of one loan of \$1,357 and two loans totaling \$3,556, respectively. Past due amounts at September 30, 2019 and 2018 totaled \$5,139 and \$2,706; respectively.

Loans receivable consisted of the following at September 30:

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| Loans receivable | \$ 50,462 | \$ 69,061 |
| Less allowance for uncollectible amounts | (6,691) | (6,691) |
| | <u>43,771</u> | <u>62,370</u> |
| Less current portion | (25,000) | (22,000) |
| | <u>\$ 18,771</u> | <u>\$ 40,370</u> |

Aging of loans receivable is as follows as of September 30:

| | | |
|--------------|------------------|------------------|
| Current | \$ 45,323 | \$ 66,355 |
| 1 - 30 days | 222 | 309 |
| 31 - 60 days | 50 | 130 |
| 61 - 90 days | 50 | 130 |
| Over 90 days | 4,817 | 2,137 |
| | <u>\$ 50,462</u> | <u>\$ 69,061</u> |

Maturities and estimated allowance for loans receivable are as follows for the years ending September 30:

| | |
|--|------------------|
| 2020 | \$ 25,000 |
| 2021 | 15,000 |
| 2022 | 9,000 |
| 2023 | 1,462 |
| | <u>50,462</u> |
| Less allowance for uncollectible amounts | (6,691) |
| | <u>43,771</u> |
| Less current portion | (25,000) |
| | <u>\$ 18,771</u> |

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

5) INVESTMENTS

Investments consisted of the following at:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|----------------------------|---------------------|---------------------|---|
| September 30, 2019: | | | |
| Cash and money funds | \$ 229,942 | \$ 229,942 | \$ - |
| Fixed income | 823,400 | 812,865 | 10,535 |
| Equities | 784,282 | 634,257 | 150,025 |
| Other | 18,672 | 16,864 | 1,808 |
| | <u>\$ 1,856,296</u> | <u>\$ 1,693,928</u> | <u>\$ 162,368</u> |
| September 30, 2018: | | | |
| Cash and money funds | \$ 382,120 | \$ 382,120 | \$ - |
| Fixed income | 341,347 | 356,108 | (14,761) |
| Equities | 504,876 | 365,406 | 139,470 |
| Other | 12,382 | 12,705 | (323) |
| | <u>\$ 1,240,725</u> | <u>\$ 1,116,339</u> | <u>\$ 124,386</u> |

Included in investments are funds transferred into a separate "board-designated reserve fund" at the discretion of the Board, earnings from which are for the long-term benefit of the Organization.

A portion of the Organization's investments have been pledged as collateral for the Organization's line of credit (Note 6).

Investment return is summarized as follows for the years ended September 30:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|-------------------|------------------|
| Interest and dividends | \$ 28,651 | \$ 20,813 |
| Realized gains | 67,293 | 47,060 |
| Unrealized gains (losses) | 37,982 | (11,173) |
| Investment fees | <u>(12,867)</u> | <u>(10,273)</u> |
| | <u>\$ 121,059</u> | <u>\$ 46,427</u> |

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

6) LINE OF CREDIT

CERF+ has a \$100,000 line of credit with People's United Bank. The agreement, which matures in November 2020, is secured by a pledge of investments held by the same bank (see Note 5) and bears interest at the bank's "Prime Rate" plus .5% (5.5% and 5.75% at September 30, 2019 and 2018, respectively). There was no outstanding balance on the line of credit at September 30, 2019 or 2018.

7) LEASES

CERF+ leases office space under a non-cancelable lease that expired in June 2019 and was extended through June 2022. Lease expenses were \$20,172 and \$20,229 for the years ended September 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows for the years ending September 30:

| | | |
|------|----|---------------|
| 2020 | \$ | 23,000 |
| 2021 | | 23,000 |
| 2022 | | 18,000 |
| | \$ | <u>64,000</u> |

8) EMPLOYEE RETIREMENT PLAN

The Organization sponsors a 403(b) pension plan that covers substantially all employees. There are no minimum age or service requirements for employees to make contributions to the plan. For employees who work more than 1,000 hours per year and have completed one year of service, the Organization makes a discretionary contribution (3% of total compensation in 2019 and 2018). Employees can also make salary deferrals up to prescribed annual limits. Employer contributions to the plan were \$7,164 and \$10,935 for the years ended September 30, 2019 and 2018, respectively.

9) DONATED GOODS AND MATERIALS

The values of donated goods and materials included as contributions in the financial statements, and the corresponding expenses benefited for the years ended September 30 are as follows:

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| Internal purposes: | | |
| Travel, conferences and meetings | \$ 17,710 | \$ 30,814 |
| Software licensing fees | 24,000 | 24,000 |
| Promotion | 1,875 | 8,521 |
| Other goods and services | 2,650 | 3,601 |
| | <u>46,235</u> | <u>66,936</u> |
| Brokered assistance | 11,610 | 19,545 |
| | <u>\$ 57,845</u> | <u>\$ 86,481</u> |

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

9) DONATED GOODS AND MATERIALS (continued)

Brokered assistance is in-kind support consisting of items that are donated to benefit craft artists. CERF+ serves as a conduit for the donations by spreading the word that an artist is seeking a particular item.

In addition to the amounts shown above, the Organization received hundreds of hours of donated time benefitting programs and supporting services that were not recorded in the financial statements because the services do not meet the criteria for recognition under U.S. generally accepted accounting principles.

10) NET ASSETS

CERF+ has concluded the "Campaign for CERF+'s Future," the goals of which were 1) expansion of CERF+'s artists' services including increasing grants and loans, 2) to establish the CERF+ "At the Ready Fund" and 3) to increase operating reserves.

Board-designated net assets consist of investments designated for the long-term benefit of the Organization, including funds designated for the CERF+ "At the Ready Fund".

Net assets with donor restrictions are available to support a future period or a specific activity not completed by CERF+. Net assets with donor restrictions are as follows as of September 30:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Emergency and disaster relief | \$ 231,893 | \$ 300,429 |
| Future periods and programs | 82,922 | 95,673 |
| Board development | 19,352 | 23,764 |
| Etsy Sellers Fund | 97,898 | 34,100 |
| Emergency preparedness | 427,240 | - |
| Emergency and disaster relief - Puerto Rico | 125,000 | - |
| Artist legacy planning | 7,875 | - |
| Future sustainability and capacity building | - | 113,250 |
| | <u>\$ 992,180</u> | <u>\$ 567,216</u> |

11) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote since by accepting the awards and their terms, it has accommodated objectives to the provisions of the gift.

12) SUBSEQUENT EVENTS

CERF+ has evaluated events and transactions for potential recognition or disclosure through February 10, 2020, the date the financial statements were available to be issued.