CRAFT EMERGENCY RELIEF FUND, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

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, 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 Craft Emergency Relief Fund, 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 the Craft Emergency Relief Fund, 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.

Responsibilities of Management 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.

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 Craft Emergency Relief Fund, 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 Responsibilities 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 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.

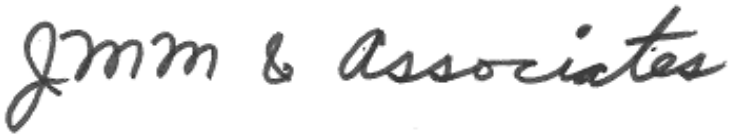
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 Craft Emergency Relief Fund, 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 Craft Emergency Relief Fund, 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.



February 9, 2023

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022 AND 2021

A S S E T S

	2022	2021
CURRENT ASSETS		
Cash	$ 857,297	$ 376,294
Grants receivable	12,326	-
Current portion of pledges receivable	240,500	270,500
Current portion of loans receivable	11,000	7,000
Bequests receivable	-	20,000
Prepaid expenses	9,695	7,462
TOTAL CURRENT ASSETS	1,130,818	681,256
PROPERTY AND EQUIPMENT		
Equipment	15,313	15,313
Website	18,500	18,500
	33,813	33,813
Less accumulated depreciation	(29,731)	(26,920)
TOTAL PROPERTY AND EQUIPMENT	4,082	6,893
OTHER ASSETS		
Investments	2,205,073	2,825,808
Noncurrent pledges receivable	240,000	-
Noncurrent loans receivable, net	5,742	13,418
TOTAL OTHER ASSETS	2,450,815	2,839,226
TOTAL ASSETS	$ 3,585,715	$ 3,527,375

See accompanying notes.

L I A B I L I T I E S A N D N E T A S S E T S

	2022	2021
CURRENT LIABILITIES		
Accounts payable	$ 29,388	$ 8,977
Accrued salaries and related liabilities	18,734	22,170
Accrued vacation	43,698	38,262
TOTAL CURRENT LIABILITIES	91,820	69,409
TOTAL LIABILITIES	91,820	69,409
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	249,585	340,934
Board designated:		
CERF+ At the Ready Fund	156,286	156,286
Board reserve	441,898	441,898
Long-term investment	435,479	991,982
Sub-total - board designated	1,033,663	1,590,166
Total net assets without donor restrictions	1,283,248	1,931,100
Net assets with donor restrictions	2,210,647	1,526,866
TOTAL NET ASSETS	3,493,895	3,457,966
TOTAL LIABILITIES AND NET ASSETS	$ 3,585,715	$ 3,527,375

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Grants and contributions	$ 771,956	$ 691,341
In-kind contributions	64,553	73,409
Investment income (loss)	(469,122)	263,523
Paycheck Protection Program loan forgiveness	-	103,700
Program fees and other income	1,415	20,948
	368,802	1,152,921
Net assets released from restrictions	911,442	1,019,756
TOTAL SUPPORT AND REVENUE	1,280,244	2,172,677
EXPENSES		
Program services:		
Emergency response	853,033	1,002,671
Education and training	452,775	254,198
Outreach, marketing and advocacy	172,663	198,886
Subtotal - program services	1,478,471	1,455,755
Support services:		
General and administrative	350,472	281,207
Fundraising	99,153	106,150
Subtotal - support services	449,625	387,357
TOTAL EXPENSES	1,928,096	1,843,112
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(647,852)	329,565
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	1,931,100	1,601,535
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 1,283,248	$ 1,931,100

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions	$ 1,595,223	$ 1,116,994
Investment income	-	129
Subtotal - restricted revenue	1,595,223	1,117,123
Net assets released from restrictions	(911,442)	(1,019,756)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	683,781	97,367
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	1,526,866	1,429,499
ENDING NET ASSETS WITH DONOR RESTRICTIONS	$ 2,210,647	$ 1,526,866
TOTAL CHANGE IN NET ASSETS	$ 35,929	$ 426,932

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2022

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

	Emergency Response	Education & Training	Outreach, Marketing & Advocacy	Total Program Services	General and Administrative	Fundraising	2022 Total	2021 Total
Salaries	$ 125,048	$ 172,288	$ 80,538	$ 377,874	$ 125,369	$ 51,063	$ 554,306	$ 468,719
Employee benefits	22,504	30,824	8,943	62,271	26,515	5,037	93,823	83,055
Payroll taxes	9,837	12,899	6,319	29,055	8,693	3,955	41,703	37,010
Subtotal - personnel costs	157,389	216,011	95,800	469,200	160,577	60,055	689,832	588,784
Grant expense - individuals	652,000	59,489	-	711,489	-	-	711,489	609,301
Professional services	6,742	64,681	46,731	118,154	91,299	5,258	214,711	160,282
Grant expense - organizations	-	65,500	-	65,500	-	-	65,500	259,006
In-kind expense	-	-	-	-	64,553	-	64,553	73,489
Information technology	17,508	11,172	11,465	40,145	6,398	7,393	53,936	46,348
Occupancy	10,273	13,110	5,251	28,634	9,354	3,789	41,777	41,375
Office expenses	2,772	5,242	2,143	10,157	4,820	20,667	35,644	34,962
Travel	3,869	15,420	5,996	25,285	2,203	1,338	28,826	335
Bank and credit card fees	-	-	-	-	6,986	-	6,986	6,169
Insurance	1,473	1,879	753	4,105	1,341	543	5,989	4,028
Advertising and promotion	-	-	3,600	3,600	-	-	3,600	8,132
Depreciation	-	-	-	-	2,811	-	2,811	6,510
Conferences and workshops	1,007	271	424	1,702	130	110	1,942	4,062
Other expense	-	-	500	500	-	-	500	329
TOTAL EXPENSES	$ 853,033	$ 452,775	$ 172,663	$ 1,478,471	$ 350,472	$ 99,153	$ 1,928,096	$ 1,843,112

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2021

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Emergency Response	Education & Training	Outreach, Marketing & Advocacy	Total Program Services	General and Administrative	Fundraising	2021 Total
Salaries	$ 119,573	$ 111,303	$ 76,370	$ 307,246	$ 110,024	$ 51,449	$ 468,719
Employee benefits	22,488	21,322	10,297	54,107	20,965	7,983	83,055
Payroll taxes	9,537	8,804	6,112	24,453	8,429	4,128	37,010
Subtotal - personnel costs	151,598	141,429	92,779	385,806	139,418	63,560	588,784
Grant expense - individuals	543,000	66,301	-	609,301	-	-	609,301
Grant expense - organizations	250,000	9,006	-	259,006	-	-	259,006
Professional services	30,210	17,490	75,913	123,613	25,187	11,482	160,282
In-kind expense	-	-	-	-	73,489	-	73,489
Information technology	12,349	6,878	11,820	31,047	8,053	7,248	46,348
Occupancy	11,029	9,256	5,684	25,969	10,778	4,628	41,375
Office expenses	2,138	2,365	5,490	9,993	8,372	16,597	34,962
Advertising and promotion	205	-	6,097	6,302	-	1,830	8,132
Depreciation	-	-	-	-	6,510	-	6,510
Bank and credit card fees	-	-	-	-	6,146	23	6,169
Conferences and workshops	927	526	550	2,003	1,921	138	4,062
Insurance	1,072	900	553	2,525	1,053	450	4,028
Travel	6	47	-	53	280	2	335
Other expense	137	-	-	137	-	192	329
TOTAL EXPENSES	$ 1,002,671	$ 254,198	$ 198,886	$ 1,455,755	$ 281,207	$ 106,150	$ 1,843,112

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	$ 2,164,853	$ 2,003,335
Cash received from interest and dividends	34,990	31,426
Cash received from loans receivable	3,676	2,473
Other operating receipts	1,415	20,948
Cash paid for personnel	(687,832)	(578,056)
Cash paid to suppliers for goods and services	(1,152,722)	(1,281,579)
NET CASH PROVIDED BY OPERATING ACTIVITIES	364,380	198,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	1,209,260	2,170,368
Purchases of investments	(1,092,637)	(2,951,204)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	116,623	(780,836)
INCREASE (DECREASE) IN CASH	481,003	(582,289)
BEGINNING CASH	376,294	958,583
ENDING CASH	$ 857,297	$ 376,294
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	$ -	$ 103,700

See accompanying notes.

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 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 approximately $607,000 and $125,000 as of September 30, 2022 and 2021, 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.

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-profits for annual reporting periods beginning on or after December 15, 2021 (CERF+'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.

Reclassification

Portions of the 2021 financial statements have been reclassified to conform to the 2022 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.

Support

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.

CERF+ recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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 are met.

Pledges receivable

CERF+ uses the allowance method for recording uncollectible 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.

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

Revenue recognition

Contract revenue is recognized as performance obligations under the contract agreements are met. Any unearned funds are considered deferred revenue and reported as a liability. There were no material contracts with customers in fiscal years 2022 or 2021. There were no material contract assets or liabilities as of the beginning or end of September 30, 2022 or 2021.

CERF+ uses the allowance method for recording uncollectible accounts receivable. Balances still outstanding after management uses reasonable collection efforts are written off as bad debt. Management provides an allowance for doubtful accounts based on prior experience, review of individual accounts and current economic conditions. Management has determined that no allowance for doubtful accounts is necessary as of September 30, 2022 or 2021.

Advertising and promotion

Nondirect response advertising is expensed when incurred.

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.

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.

Loans receivable

Loans receivable are stated at unpaid balances, less a loan loss reserve. 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.

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

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 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. 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.

Investments and fair value measurements

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 gain and loss are included in the Statements of Activities.

Generally accepted accounting principles for fair value measurements emphasize a market-based approach to fair value, and require disclosures about valuation techniques used in the preparation of financial statements. The framework establishes a hierarchy that prioritizes the inputs used in measuring fair value (with Level 1 given the highest priority and Level 3 the lowest):

- Level 1 inputs are quoted prices available in active markets.

- Level 2 inputs are other than quoted prices in active markets which are "observable" as of the reporting date (such as published life expectancy tables used for valuing an annuity).

- Level 3 measurements use "significant unobservable inputs" and include net present value calculations of estimated future cash flows.

2) LIQUIDITY

CERF+ 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 (Note 6).

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.

2) LIQUIDITY (continued)

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 Statements of Financial Position dates to meet general expenditures:

	2022	2021
Financial assets at year-end:		
Cash	$ 857,297	$ 376,294
Grants receivable	12,326	-
Pledges receivable	480,500	270,500
Loans receivable	16,742	20,418
Bequests receivable	-	20,000
Investments	2,205,073	2,825,808
Total financial assets at year-end	3,571,938	3,513,020
Less amounts not available to meet general expenditures:		
Noncurrent loans receivable, net	(5,742)	(13,418)
Board-designated net assets	(1,033,663)	(1,590,166)
Net assets with donor restrictions	(2,210,647)	(1,526,866)
Financial assets available to meet general expenditures	$ 321,886	$ 382,570

3) PLEDGES RECEIVABLE

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

	2022	2021
Emerging artists technical assistance	$ 480,000	$ -
Disaster relief - Puerto Rico	-	25,000
Disaster relief - other	-	185,000
Future periods and programs	500	60,500
	$ 480,500	$ 270,500

Promises to give are expected to be collected as follows at September 30:

Receivable in less than one year	$ 240,500	$ 270,500
Receivable in two to five years	240,000	-
	$ 480,500	$ 270,500

3) PLEDGES RECEIVABLE (continued)

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

	2022	2021
Current	$ 240,500	$ 270,500
Noncurrent	240,000	-
	$ 480,500	$ 270,500

Pledges receivable at September 30, 2022 included a pledge from one donor that accounted for 99.9% of total pledges. Pledges receivable at September 30, 2021 included a pledge from one donor that accounted for 74% of total pledges. Due to the nature of pledges receivable, no allowance is deemed necessary. Management has deemed the discount of pledges receivable to net present value to be immaterial.

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.

In response to the COVID-19 pandemic, CERF+ deferred loan payments from April 2020 through December 2022. There were 14 and 16 loans outstanding at September 30, 2022 and 2021, respectively. There were no write-offs in fiscal years 2022 or 2021. Past due amounts at September 30, 2022 and 2021 totaled $3,020.

Loans receivable consisted of the following at September 30:

	2022	2021
Loans receivable	$ 26,742	$ 30,418
Less loan loss reserve	(10,000)	(10,000)
	16,742	20,418
Less current portion	(11,000)	(7,000)
	$ 5,742	$ 13,418

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

Current	$ 23,722	$ 27,398
1 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
Over 90 days	3,020	3,020
	$ 26,742	$ 30,418

4) LOANS RECEIVABLE (continued)

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

2023	$ 11,000
2024	9,000
2025	5,000
2026	1,742
	26,742
Less allowance for uncollectible amounts	(10,000)
	16,742
Less current portion	(11,000)
	$ 5,742

5) INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments include both donor-restricted funds and funds without donor restrictions. Investments in debt securities and equity securities with readily determinable fair values are carried at fair value as determined by reference to quoted market prices and other relevant information generated by active market transactions (Level 1 inputs). Investments consisted of the following at September 30:

	2022	2021
Mutual funds and exchange-traded funds:		
Equity securities:		
Issuers with small to medium market capitalization (a)	$ 132,875	$ 223,345
Investments in real estate entities (b)	23,785	-
Entities in developed markets (c)	354,924	340,681
Entities in emerging and developing markets (d)	99,176	105,977
Index approach investments (e)	147,352	78,723
Entities outside the United States (g)	10,249	-
	768,361	748,726
Fixed income securities:		
Investment grade or unrated (f)	720,396	1,478,521
	720,396	1,478,521
Total mutual funds and exchange-traded funds	1,488,757	2,227,247
Cash and equivalents	325,795	57,809
Common stocks	390,521	321,979
Other assets	-	25,588
Brokered certificates of deposits	-	193,185
Total other investments	716,316	598,561
	$ 2,205,073	$ 2,825,808

5) INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Further analysis of the Organization's investments:

(a) These investments seek to provide long-term growth of capital primarily through investing net assets in equity securities, such as common stocks, of issuers with small to medium market capitalization.

(b) These investments seek total return through investment in global real estate equity securities by investing substantially all of its net assets in common stock and other equity securities issued by U.S. and non-U.S. real estate companies, including REIT-like entities.

(c) These investments seek to achieve long-term capital appreciation through purchasing securities of companies associated with developed market countries that the advisor has designated as approved markets.

(d) These investments seek capital appreciation by investing in common stocks of issuers in emerging and developing markets throughout the world.

(e) These investments are managed using an indexing investment approach by which the advisor attempts to approximate, before expenses, the performance of the index over the long term. The advisor will typically invest net assets in equity securities comprising the index in approximately the same proportions as they are represented in the index.

(f) These investments seek to maximize long-term return by investing its net assets in investment-grade fixed income securities, or unrated securities, that are deemed to be of comparable quality by the advisor.

(g) These investments seek to achieve long-term capital appreciation through purchases of securities of companies outside of the United States.

Additional analysis of the fair values and cost of investments by category were as follows as of:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
September 30, 2022:			
Cash and equivalents	$ 325,795	$ 325,795	$ -
Fixed income	720,396	867,603	(147,207)
Equities	1,135,097	1,194,478	(59,381)
Other	23,785	24,009	(224)
	$ 2,205,073	$ 2,411,885	$ (206,812)
September 30, 2021:			
Cash and equivalents	$ 57,809	$ 57,809	$ -
Fixed income	1,671,706	1,666,366	5,340
Equities	1,070,705	710,276	360,429
Other	25,588	19,141	6,447
	$ 2,825,808	$ 2,453,592	$ 372,216

5) INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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:

	2022	2021
Interest and dividends	$ 34,990	$ 31,426
Realized gain	94,016	125,557
Unrealized gain (loss)	(579,028)	126,469
Investment fees	(19,100)	(19,800)
	$ (469,122)	$ 263,652

Investment income is reported in the Statements of Activities as follows for the years ended September 30:

Without donor restrictions	$ (469,122)	$ 263,523
With donor restrictions	-	129
	$ (469,122)	$ 263,652

6) LINE OF CREDIT

CERF+ has a $100,000 line of credit with M&T Bank (formerly People's United Bank, N.A). The agreement will continue at the Bank's discretion until the next review. The line of credit is secured by a pledge of certain investments held by the same bank (Note 5) and bears interest at the Bank's "Prime Rate" plus .5% (6.75% and 3.75% at September 30, 2022 and 2021, respectively). There was no outstanding balance on the line of credit at September 30, 2022 or 2021.

7) LEASES

CERF+ leases office space under a non-cancelable lease through June 2024. Lease expenses were $27,569 and $27,059 for the years ended September 30, 2022 and 2021, respectively.

In December 2022, CERF+ signed a lease termination agreement. Under this agreement, future minimum lease payments are estimated at $18,000 for the year ending September 30, 2023.

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 2022 and 2021). Employees can also make salary deferrals up to prescribed annual limits. Employer contributions to the plan were $14,783 and $13,476 for the years ended September 30, 2022 and 2021, respectively.

9) DONATED GOODS AND MATERIALS

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

	2022	2021
Internal purposes:		
Software licensing fees	$ 24,000	$ 33,389
Promotion	20,560	23,158
Other goods and services	14,993	400
	59,553	56,947
Brokered assistance	5,000	16,462
	$ 64,553	$ 73,409

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) 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.

11) NET ASSETS

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:

	2022	2021
Emergency and disaster relief	$ 323,802	$ 433,469
Emergency preparedness	688,975	240,369
Etsy Sellers Fund	351,455	351,455
COVID-19 emergency relief	12,064	333,879
Board development	16,956	18,182
Artist legacy planning	8,275	8,025
Emerging artist technical assistance	739,120	-
Advocacy	-	30,550
Emergency and disaster relief - Puerto Rico	-	30,000
Future periods and programs	70,000	80,937
	$ 2,210,647	$ 1,526,866

12) GLOBAL PANDEMIC

In March 2020, the world experienced a global pandemic, COVID-19, which dramatically decreased economic activity. CERF+ applied for and received an SBA Paycheck Protection Program loan in April 2020, which was fully forgiven in March 2021. In fiscal year 2022, CERF+ continued the quick relief grant program it started in 2020 which was designed to serve those artists facing dire financial situations due to the pandemic. CERF+ issued its last round of these specialized grants early in fiscal year 2022. The small balance of remaining funds that CERF+ has available for pandemic-related relief is being transitioned to address on-going pandemic recovery through its studio safety and emergency preparedness grant program - Get Ready - to provide artists with $500 grants to implement career resiliency strategies to assist them in getting back to work. This expanded grant model enabled CERF+ to provide more Get Ready grants than at any time in CERF+'s history.

13) SUBSEQUENT EVENTS

As described in Note 7, CERF+ signed a lease termination agreement in December 2022 to end its office space lease early.

CERF+ has evaluated events and transactions for potential recognition or disclosure through February 9, 2023, the date the financial statements were available to be issued.