



**CRAFT EMERGENCY RELIEF FUND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**CRAFT EMERGENCY RELIEF FUND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**CRAFT EMERGENCY RELIEF FUND, INC.**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2017 AND 2016**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statement of Functional Expenses	7
Statements of Cash Flows	8 - 9
Notes to Financial Statements	10 - 18



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, 2017 and 2016, 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, 2017, 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.

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, 2017 and 2016, 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 14, 2018

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash - unrestricted	\$ 5,903	\$ (41,198)
Cash - restricted	105,837	74,186
Current portion of pledges receivable	412,000	162,000
Current portion of loans receivable	21,000	24,000
Bequests receivable	5,000	70,000
Prepaid expenses	6,847	10,408
<b>TOTAL CURRENT ASSETS</b>	<u>556,587</u>	<u>299,396</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	14,340	11,734
Furniture and fixtures	501	501
Website	18,500	18,500
	<u>33,341</u>	<u>30,735</u>
Less accumulated depreciation	<u>(11,738)</u>	<u>(7,239)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>21,603</u>	<u>23,496</u>
<b>OTHER ASSETS</b>		
Investments	991,119	965,062
Noncurrent pledges receivable, net	86,037	89,836
Noncurrent loans receivable, net	26,382	37,418
<b>TOTAL OTHER ASSETS</b>	<u>1,103,538</u>	<u>1,092,316</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,681,728</u>	<u>\$ 1,415,208</u>

See accompanying notes.

**LIABILITIES AND NET ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,864	\$ 5,385
Accrued salaries and related liabilities	11,849	16,042
Accrued vacation	27,362	32,662
Deferred revenue	-	1,600
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<u>48,075</u>	<u>55,689</u>
<b>TOTAL LIABILITIES</b>	<u>48,075</u>	<u>55,689</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated:	269,656	139,135
Board designated:		
CERF+ At the Ready Fund	156,286	135,000
Board reserve	441,898	441,898
Long-term investment	152,789	248,174
Subtotal - unrestricted	<u>1,020,629</u>	<u>964,207</u>
Temporarily restricted	<u>613,024</u>	<u>395,312</u>
<b>TOTAL NET ASSETS</b>	<u>1,633,653</u>	<u>1,359,519</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,681,728</u>	<u>\$ 1,415,208</u>

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Grants and contributions	\$ 432,026	\$ 362,683
Bequests	6,286	25,000
In-kind contributions	65,913	59,029
Fundraising events	9,796	6,665
Investment income	104,905	92,694
Sales and other income	33,960	2,353
	<u>652,886</u>	<u>548,424</u>
Net assets released from restrictions	449,933	351,348
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,102,819</u>	<u>899,772</u>
<b>EXPENSES</b>		
Program services	828,069	736,193
General and administrative	94,580	148,163
Fundraising	123,748	97,232
<b>TOTAL EXPENSES</b>	<u>1,046,397</u>	<u>981,588</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	56,422	(81,816)
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<u>964,207</u>	<u>1,046,023</u>
<b>ENDING UNRESTRICTED NET ASSETS</b>	<u>\$ 1,020,629</u>	<u>\$ 964,207</u>

See accompanying notes.



CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants and contributions	\$ 667,645	\$ 111,142
Bequests	-	70,000
Net assets released from restrictions	<u>(449,933)</u>	<u>(351,348)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	217,712	(170,206)
<b>BEGINNING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>395,312</u>	<u>565,518</u>
<b>ENDING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>\$ 613,024</u>	<u>\$ 395,312</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 274,134</u>	<u>\$ (252,022)</u>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries	\$ 284,299	\$ 42,744	\$ 59,891	\$ 386,934	\$ 451,927
Employee benefits	58,714	8,337	11,714	78,765	75,275
Payroll taxes	22,521	3,339	4,847	30,707	34,731
Subtotal - personnel costs	365,534	54,420	76,452	496,406	561,933
Grant expense	225,137	-	-	225,137	127,300
Professional services	61,809	19,781	5,740	87,330	48,321
In-kind expense	65,913	-	-	65,913	59,029
Office expenses	22,596	1,736	19,654	43,986	52,950
Travel	33,801	336	5,831	39,968	51,600
Occupancy	20,245	3,097	4,790	28,132	25,221
Information technology	22,268	3,831	1,688	27,787	29,870
Advertising and promotion	6,151	170	1,485	7,806	2,967
Depreciation	-	6,303	-	6,303	1,973
Cost of goods sold	1,241	-	4,354	5,595	48
Insurance	-	3,187	-	3,187	3,200
Bank and credit card fees	145	1,681	1,229	3,055	3,619
Events and donor cultivation	-	-	2,434	2,434	4,004
Bad debt expense	1,802	-	-	1,802	7,272
Conferences and workshops	1,427	38	91	1,556	2,281
<b>TOTAL EXPENSES</b>	<u>\$ 828,069</u>	<u>\$ 94,580</u>	<u>\$ 123,748</u>	<u>\$ 1,046,397</u>	<u>\$ 981,588</u>

See accompanying notes.

CRAFT EMERGENCY RELIEF FUND, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 934,552	\$ 680,425
Cash received from interest and dividends	18,722	24,969
Cash received from (paid for) loans receivable	14,036	(20,707)
Other operating receipts	33,960	2,353
Cash paid for personnel	(505,899)	(563,320)
Cash paid to suppliers for goods and services	(468,933)	(356,373)
	<u>26,438</u>	<u>(232,653)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
	<u>26,438</u>	<u>(232,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(4,411)	(11,150)
Sale of investments	139,646	246,723
Purchases of investments	(82,921)	(166,667)
	<u>52,314</u>	<u>68,906</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
	<u>52,314</u>	<u>68,906</u>
<b>INCREASE (DECREASE) IN CASH</b>	78,752	(163,747)
<b>BEGINNING CASH</b>	<u>32,988</u>	<u>196,735</u>
<b>ENDING CASH</b>	<u>\$ 111,740</u>	<u>\$ 32,988</u>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 274,134	\$ (252,022)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,303	1,973
Realized (gain) loss on investments	(15,404)	2,495
Unrealized gain on investments	(70,779)	(70,220)
Change in discount on pledges receivable	(201)	(12,665)
Provision for uncollectible pledges receivable	1,802	7,272
(Increase) decrease in:		
Pledges receivable	(246,000)	186,000
Loans receivable	14,036	(20,707)
Bequests receivable	65,000	(70,000)
Prepaid expenses	3,561	(3,534)
Increase (decrease) in:		
Accounts payable	3,479	(1,458)
Accrued salaries and related liabilities	(4,193)	(207)
Accrued vacation	(5,300)	(1,180)
Deferred revenue	-	1,600
Total adjustments	<u>(247,696)</u>	<u>19,369</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 26,438</u>	<u>\$ (232,653)</u>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**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+") 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. There were no amounts on deposit in excess of the applicable FDIC limit as of September 30, 2017 or 2016.

Financial statement presentation

CERF+ is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of September 30, 2017 or 2016.

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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

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

Contributions

CERF+ reports its contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the Statements of Activities as net assets released from restrictions.

Advertising and promotion

Nondirect response advertising is expensed when incurred. Advertising expenses were \$7,806 and \$2,967 for the years ended September 30, 2017 and 2016, respectively.

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 unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, CERF+ reports expirations of donor restrictions when the donated assets or acquired assets are placed in service as instructed by the donor. CERF+ reclasses temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the underlying assets. Depreciation expense was \$6,303 and \$1,973 for the years ended September 30, 2017 and 2016, respectively.

The cost of maintenance and repairs is charged to expense as incurred; renewals and betterments costing greater than \$3,000 are capitalized.

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.

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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

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.

Functional allocation of expenses

CERF+'s expenses are presented on a functional basis, showing basic program activities and support services. CERF+ allocates expenses based on the organizational cost centers in which the expenses are incurred. In certain instances, expenses are allocated between support functions and program services.

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 gain and loss are included in the Statements of Activities.

2) RESTRICTED CASH

Restricted cash consists of funds restricted for specific organizational objectives and specific types of emergency relief. This includes funds reserved for strategic initiatives, artists working in a particular craft and artists within certain geographical regions.

3) PLEDGES RECEIVABLE

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

	<u>2017</u>	<u>2016</u>
Campaign for CERF+'s Future	\$ 112,300	\$ 248,000
Future periods	202,700	21,000
Disaster relief	200,000	-
	<u>\$ 515,000</u>	<u>\$ 269,000</u>

CRAFT EMERGENCY RELIEF FUND, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

3) PLEDGES RECEIVABLE (continued)

Promises to give consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 412,000	\$ 162,000
Receivable in two to five years	103,000	107,000
	<u>515,000</u>	<u>269,000</u>
Less discounts to net present value	(4,963)	(5,164)
Less allowance for uncollectible pledges	<u>(12,000)</u>	<u>(12,000)</u>
	<u>\$ 498,037</u>	<u>\$ 251,836</u>

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

	<u>2017</u>	<u>2016</u>
Current	\$ 412,000	\$ 162,000
Noncurrent	<u>86,037</u>	<u>89,836</u>
	<u>\$ 498,037</u>	<u>\$ 251,836</u>

Pledges receivable include two pledges that account for 97% of total pledges receivable at September 30, 2017 and a pledge from a single donor that accounted for 75% of total pledges receivable at September 30, 2016.

Pledges receivable in more than one year have been discounted at 5%.

4) LOANS RECEIVABLE

CERF+ makes loans to craft artists facing career-threatening emergencies. All loans are 60-month, interest-free, unsecured, and range from \$500 to \$9,000. 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.

There were 20 and 28 loans outstanding at September 30, 2017 and 2016, respectively. Write-offs for fiscal year 2017 and 2016 consisted of one loan totaling \$1,802 and one loan totaling \$884, respectively. Past due amounts at September 30, 2017 and 2016 totaled \$4,576 and \$4,889, respectively.



**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**4) LOANS RECEIVABLE (continued)**

Loans receivable consists of the following at September 30:

	<u>2017</u>	<u>2016</u>
Loans receivable	\$ 58,000	\$ 72,000
Less allowance for uncollectible amounts	<u>(10,618)</u>	<u>(10,582)</u>
	47,382	61,418
Less current portion	<u>(21,000)</u>	<u>(24,000)</u>
	<u>\$ 26,382</u>	<u>\$ 37,418</u>

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

Current	\$ 53,424	\$ 67,111
1 - 30 days	261	429
31 - 60 days	159	298
61 - 90 days	159	242
Over 90 days	<u>3,997</u>	<u>3,920</u>
	<u>\$ 58,000</u>	<u>\$ 72,000</u>

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

2018	\$ 21,000
2019	14,000
2020	12,000
2021	8,000
2022	<u>3,000</u>
	58,000
Less allowance for uncollectible amounts	<u>(10,618)</u>
	47,382
Less current portion	<u>(21,000)</u>
	<u>\$ 26,382</u>

**5) BEQUESTS RECEIVABLE**

Bequests receivable consist of unconditional promises to give expected to be collected within one year. Due to the current nature of the receivable, no allowance is deemed necessary.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**6) INVESTMENTS**

Investments consist of the following at:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>September 30, 2017:</b>			
Cash and money funds	\$ 52,900	\$ 52,900	\$ -
Fixed income	390,775	395,978	(5,203)
Equities	535,563	396,455	139,108
Other	11,881	10,227	1,654
	<u>\$ 991,119</u>	<u>\$ 855,560</u>	<u>\$ 135,559</u>
<b>September 30, 2016:</b>			
Cash and money funds	\$ 48,854	\$ 48,854	\$ -
Fixed income	392,456	393,851	(1,395)
Equities	511,522	447,514	64,008
Other	12,230	10,063	2,167
	<u>\$ 965,062</u>	<u>\$ 900,282</u>	<u>\$ 64,780</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 (see Note 7).

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

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 18,722	\$ 24,969
Realized gain (loss)	15,404	(2,495)
Unrealized gain	70,779	70,220
	<u>\$ 104,905</u>	<u>\$ 92,694</u>

Investment fees are included in professional services expense and were \$8,925 and \$9,647 for the years ended September 30, 2017 and 2016, respectively.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**7) LINE OF CREDIT**

CERF+ has a \$100,000 line of credit with People's United Bank. The loan, which matures in November 2018, is secured by a pledge of investments held by the same bank (see Note 6) and bears interest at the Bank's "Prime Rate" plus .5% (4.75% and 4% at September 30, 2017 and 2016, respectively). There was no outstanding balance on the line at September 30, 2017 or 2016.

**8) LEASES**

CERF+ rented office space under a non-cancelable lease that expired in June 2016. CERF+ entered into a new non-cancelable lease for office space in July 2016 that expires in June 2019. Lease expenses under these leases were \$17,954 and \$19,846 for the years ended September 30, 2017 and 2016, respectively.

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

2018	\$	18,000
2019		<u>14,000</u>
	\$	<u>32,000</u>

**9) 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 2017 and 2016). Employees can also make salary deferrals up to prescribed annual limits. Employer contributions to the plan were \$10,471 and \$12,383 for the years ended September 30, 2017 and 2016, respectively.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**10) DONATED SERVICES**

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

	<u>2017</u>	<u>2016</u>
Internal purposes:		
Travel, conferences and meetings	\$ 13,897	\$ 17,594
Software licensing fees	24,000	15,000
Promotion	12,655	15,000
Other goods and services	1,330	838
	<u>51,882</u>	<u>48,432</u>
Brokered assistance	<u>14,031</u>	<u>10,597</u>
	<u>\$ 65,913</u>	<u>\$ 59,029</u>

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 the program 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.

**11) NET ASSETS**

Temporarily restricted net assets are available to support a future period or a specific activity not completed by CERF+. Temporarily restricted net assets are as follows as of September 30:

	<u>2017</u>	<u>2016</u>
Campaign for CERF+'s Future	\$ 107,126	\$ 230,826
Future periods	198,700	90,300
Other programs	25,376	55,313
Strategic initiatives	500	18,873
Board development	30,000	-
Disaster relief	251,322	-
	<u>\$ 613,024</u>	<u>\$ 395,312</u>

The goals of the "Campaign for CERF+'s Future" are 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".

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017 AND 2016**

**12) 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.

**13) SUBSEQUENT EVENTS**

CERF+ has evaluated events and transactions for potential recognition or disclosure through February 14, 2018, the date the financial statements were available to be issued.