



**CRAFT EMERGENCY RELIEF FUND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**CRAFT EMERGENCY RELIEF FUND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**CRAFT EMERGENCY RELIEF FUND, INC.**

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**SEPTEMBER 30, 2021 AND 2020**

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## 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, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair 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, 2021 and 2020, 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 8, 2022

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 376,294	\$ 958,583
Current portion of pledges receivable	270,500	400,500
Current portion of loans receivable	7,000	12,000
Bequests receivable	20,000	-
Prepaid expenses	7,462	8,467
	<u>681,256</u>	<u>1,379,550</u>
<b>TOTAL CURRENT ASSETS</b>	<u>681,256</u>	<u>1,379,550</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	15,313	15,313
Website	18,500	18,500
	<u>33,813</u>	<u>33,813</u>
Less accumulated depreciation	<u>(26,920)</u>	<u>(20,410)</u>
	<u>6,893</u>	<u>13,403</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>6,893</u>	<u>13,403</u>
<b>OTHER ASSETS</b>		
Investments	2,825,808	1,810,478
Noncurrent pledges receivable	-	85,000
Noncurrent loans receivable, net	13,418	13,378
	<u>2,839,226</u>	<u>1,908,856</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,839,226</u>	<u>1,908,856</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,527,375</u></u>	<u><u>\$ 3,301,809</u></u>

**See accompanying notes.**

## LIABILITIES AND NET ASSETS

	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,977	\$ 57,037
Grants payable	-	60,334
Accrued salaries and related liabilities	22,170	17,963
Accrued vacation	38,262	31,741
Current portion of note payable	-	9,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>69,409</b>	<b>176,075</b>
 <b>LONG-TERM DEBT</b>		
Note payable, net of current portion	-	94,700
<b>TOTAL LONG-TERM DEBT</b>	<b>-</b>	<b>94,700</b>
<b>TOTAL LIABILITIES</b>	<b>69,409</b>	<b>270,775</b>
 <b>NET ASSETS</b>		
Net assets without donor restrictions:		
Undesignated	340,934	752,215
Board designated:		
CERF+ At the Ready Fund	156,286	156,286
Board reserve	441,898	441,898
Long-term investment	991,982	251,136
Total net assets without donor restrictions	1,931,100	1,601,535
Net assets with donor restrictions	1,526,866	1,429,499
 <b>TOTAL NET ASSETS</b>	<b>3,457,966</b>	<b>3,031,034</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,527,375</b>	<b>\$ 3,301,809</b>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Grants and contributions	\$ 691,341	\$ 1,053,342
In-kind contributions	73,409	36,987
Fundraising events	-	3,895
Investment income	263,523	124,594
Paycheck Protection Program loan forgiveness	103,700	-
Program fees and other income	20,948	25,358
	<u>1,152,921</u>	<u>1,244,176</u>
Net assets released from restrictions	<u>1,019,756</u>	<u>1,408,885</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,172,677</u>	<u>2,653,061</u>
<b>EXPENSES</b>		
Program services:		
Emergency response	1,002,671	1,487,901
Education and training	254,198	323,767
Outreach, marketing and advocacy	198,886	144,735
Subtotal - program services	<u>1,455,755</u>	<u>1,956,403</u>
Support services:		
General and administrative	281,207	220,305
Fundraising	106,150	111,273
Subtotal - support services	<u>387,357</u>	<u>331,578</u>
<b>TOTAL EXPENSES</b>	<u>1,843,112</u>	<u>2,287,981</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	329,565	365,080
<b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>1,601,535</u>	<u>1,236,455</u>
<b>ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ 1,931,100</u>	<u>\$ 1,601,535</u>

See accompanying notes.



**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grants and contributions	\$ 1,116,994	\$ 1,844,349
Investment income	129	1,855
Subtotal - restricted revenue	<u>1,117,123</u>	<u>1,846,204</u>
Net assets released from restrictions	<u>(1,019,756)</u>	<u>(1,408,885)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	97,367	437,319
<b>BEGINNING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>1,429,499</u>	<u>992,180</u>
<b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u><u>\$ 1,526,866</u></u>	<u><u>\$ 1,429,499</u></u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u><u>\$ 426,932</u></u>	<u><u>\$ 802,399</u></u>

**See accompanying notes.**

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - 2021**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	<b>Emergency Response</b>	<b>Education &amp; Training</b>	<b>Outreach, Marketing &amp; Advocacy</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>2021 Total</b>	<b>2020 Total</b>
Salaries	\$ 119,573	\$ 111,303	\$ 76,370	\$ 307,246	\$ 110,024	\$ 51,449	\$ 468,719	\$ 454,566
Employee benefits	22,488	21,322	10,297	54,107	20,965	7,983	83,055	75,999
Payroll taxes	9,537	8,804	6,112	24,453	8,429	4,128	37,010	36,210
Subtotal - personnel costs	151,598	141,429	92,779	385,806	139,418	63,560	588,784	566,775
Grant expense - individuals	543,000	66,301	-	609,301	-	-	609,301	1,015,038
Grant expense - organizations	250,000	9,006	-	259,006	-	-	259,006	394,780
Professional services	30,210	17,490	75,913	123,613	25,187	11,482	160,282	102,883
In-kind expense	-	-	-	-	73,489	-	73,489	36,987
Information technology	12,349	6,878	11,820	31,047	8,053	7,248	46,348	36,347
Occupancy	11,029	9,256	5,684	25,969	10,778	4,628	41,375	32,980
Office expenses	2,138	2,365	5,490	9,993	8,372	16,597	34,962	33,516
Advertising and promotion	205	-	6,097	6,302	-	1,830	8,132	3,198
Depreciation	-	-	-	-	6,510	-	6,510	6,511
Bank and credit card fees	-	-	-	-	6,146	23	6,169	9,571
Conferences and workshops	927	526	550	2,003	1,921	138	4,062	877
Insurance	1,072	900	553	2,525	1,053	450	4,028	3,133
Travel	6	47	-	53	280	2	335	36,581
Other expense	137	-	-	137	-	192	329	8,804
<b>TOTAL EXPENSES</b>	<b>\$ 1,002,671</b>	<b>\$ 254,198</b>	<b>\$ 198,886</b>	<b>\$ 1,455,755</b>	<b>\$ 281,207</b>	<b>\$ 106,150</b>	<b>\$ 1,843,112</b>	<b>\$ 2,287,981</b>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - 2020**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Emergency Response</b>	<b>Education &amp; Training</b>	<b>Outreach, Marketing &amp; Advocacy</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>2020 Total</b>
Salaries	\$ 138,467	\$ 81,689	\$ 71,276	\$ 291,432	\$ 104,341	\$ 58,793	\$ 454,566
Employee benefits	24,101	11,380	12,618	48,099	17,643	10,257	75,999
Payroll taxes	11,313	7,359	5,765	24,437	7,020	4,753	36,210
Subtotal - personnel costs	173,881	100,428	89,659	363,968	129,004	73,803	566,775
Grant expense - individuals	994,500	20,538	-	1,015,038	-	-	1,015,038
Grant expense - organizations	250,000	144,780	-	394,780	-	-	394,780
Professional services	33,324	21,275	27,018	81,617	12,986	8,280	102,883
In-kind expense	-	-	-	-	36,987	-	36,987
Travel	6,450	16,809	8,736	31,995	836	3,750	36,581
Information technology	12,204	9,598	5,720	27,522	4,615	4,210	36,347
Office expenses	5,192	3,252	6,206	14,650	4,022	14,844	33,516
Occupancy	10,605	6,240	4,587	21,432	7,319	4,229	32,980
Bank and credit card fees	-	-	-	-	9,481	90	9,571
Other expense	-	-	20	20	7,839	945	8,804
Depreciation	-	-	-	-	6,511	-	6,511
Advertising and promotion	724	220	1,944	2,888	-	310	3,198
Insurance	1,021	558	442	2,021	705	407	3,133
Conferences and workshops	-	69	403	472	-	405	877
<b>TOTAL EXPENSES</b>	<b>\$ 1,487,901</b>	<b>\$ 323,767</b>	<b>\$ 144,735</b>	<b>\$ 1,956,403</b>	<b>\$ 220,305</b>	<b>\$ 111,273</b>	<b>\$ 2,287,981</b>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 2,003,335	\$ 2,522,586
Cash received from interest and dividends	31,426	36,538
Cash received from loans receivable	2,473	13,863
Other operating receipts	20,948	25,358
Cash paid for personnel	(578,056)	(552,782)
Cash paid to suppliers for goods and services	<u>(1,281,579)</u>	<u>(1,581,204)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>198,547</u>	<u>464,359</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	2,170,368	897,569
Purchases of investments	<u>(2,951,204)</u>	<u>(765,149)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(780,836)</u>	<u>132,420</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan	<u>-</u>	<u>103,700</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>103,700</u>
<b>INCREASE (DECREASE) IN CASH</b>	(582,289)	700,479
<b>BEGINNING CASH</b>	<u>958,583</u>	<u>258,104</u>
<b>ENDING CASH</b>	<u><u>\$ 376,294</u></u>	<u><u>\$ 958,583</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY</b>		
Forgiveness of Paycheck Protection Program loan	<u><u>\$ 103,700</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

## CRAFT EMERGENCY RELIEF FUND, INC.

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

#### 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 \$125,000 and \$708,000 as of September 30, 2021 and 2020, 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, 2021 AND 2020**

**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.

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, 2020, from which the summarized information was derived.

Reclassification

Portions of the 2020 financial statements have been reclassified to conform to the 2021 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

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.

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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

Revenue recognition

Contract revenue is recognized as performance obligations under the contracts 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 2021 or 2020.

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, 2021 or 2020. There were no material contract assets or liabilities as of September 30, 2021 and 2020.

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.

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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

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

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.

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 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.



**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**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. 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.

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:

	<u>2021</u>	<u>2020</u>
Financial assets at September 30:		
Cash	\$ 376,294	\$ 958,583
Pledges receivable	270,500	485,500
Loans receivable	20,418	25,378
Bequests receivable	20,000	-
Investments	2,825,808	1,810,478
Subtotal - total financial assets	<u>3,513,020</u>	<u>3,279,939</u>
Less amounts not available to meet general expenditures over the next 12 months:		
Noncurrent loans receivable	(13,418)	(13,378)
Net assets with donor restrictions	<u>(1,526,866)</u>	<u>(1,429,499)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,972,736</u>	<u>\$ 1,837,062</u>

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**3) PLEDGES RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Disaster relief - Puerto Rico	\$ 25,000	\$ 50,000
Disaster relief - other	185,000	320,000
Future periods and programs	60,500	115,500
	<u>\$ 270,500</u>	<u>\$ 485,500</u>

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

Receivable in less than one year	\$ 270,500	\$ 400,500
Receivable in two to five years	-	85,000
	<u>\$ 270,500</u>	<u>\$ 485,500</u>

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

Current	\$ 270,500	\$ 400,500
Noncurrent	-	85,000
	<u>\$ 270,500</u>	<u>\$ 485,500</u>

Pledges receivable at September 30, 2021 included a pledge from one donor that accounted for 74% of total pledges. Pledges receivable at September 30, 2020 included a pledge from one donor that accounted for 72% 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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**4) LOANS RECEIVABLE (continued)**

There were 14 and 15 loans outstanding at September 30, 2021 and 2020, respectively. Write-offs for fiscal years 2021 and 2020 consisted of loans of \$2,487 and \$4,530, respectively. Past due amounts at September 30, 2021 and 2020 totaled \$1,090 and \$3,020, respectively.

Loans receivable consisted of the following at September 30:

	<b>2021</b>	<b>2020</b>
Loans receivable	\$ 27,931	\$ 35,378
Less loan loss reserve	(7,513)	(10,000)
	20,418	25,378
Less current portion	(7,000)	(12,000)
	\$ 13,418	\$ 13,378

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

Current	\$ 26,841	\$ 32,358
1 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
Over 90 days	1,090	3,020
	\$ 27,931	\$ 35,378

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

2022	\$ 7,000
2023	12,000
2024	6,000
2025	2,931
	27,931
Less allowance for uncollectible amounts	(7,513)
	20,418
Less current portion	(7,000)
	\$ 13,418

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**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:

	<u>2021</u>	<u>2020</u>
Mutual fund investments measured using net asset value		
Equity securities:		
Issuers with small to medium market capitalization (a)	\$ 223,345	\$ 44,849
Investment in real estate entities (b)	-	19,894
Entities in developed markets (c)	340,681	120,414
Entities in emerging and developing markets (d)	105,977	15,096
Index approach investments (e)	<u>78,723</u>	<u>-</u>
	<u>748,726</u>	<u>200,253</u>
Fixed income securities:		
Investment grade or unrated (f)	<u>1,478,521</u>	<u>619,472</u>
	<u>1,478,521</u>	<u>619,472</u>
 Total mutual funds measured using net asset value	 <u>2,227,247</u>	 <u>819,725</u>
 Cash and equivalents	 57,809	 87,736
Other assets	25,588	-
Brokered certificates of deposits	193,185	185,261
Common stocks	<u>321,979</u>	<u>717,756</u>
Total other investments	<u>598,561</u>	<u>990,753</u>
	<u>\$ 2,825,808</u>	<u>\$ 1,810,478</u>

CERF+ uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Investments consist of funds for which there are no unfunded commitments, which redemption value is computed daily, and for which there is no notification period required to redemption. Funds seek total return, current income and preservation of capital. Further analysis of the categories of the investments and the corresponding investment strategy is as follows:

(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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**5) INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

(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.

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

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
<b>September 30, 2021:</b>			
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
	<u>\$ 2,825,808</u>	<u>\$ 2,453,592</u>	<u>\$ 372,216</u>
<b>September 30, 2020:</b>			
Cash and equivalents	\$ 87,736	\$ 87,736	\$ -
Fixed income	804,733	777,960	26,773
Equities	918,009	699,035	218,974
	<u>\$ 1,810,478</u>	<u>\$ 1,564,731</u>	<u>\$ 245,747</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).

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**5) INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 31,426	\$ 36,538
Realized gain	125,557	22,440
Unrealized gain	126,469	83,379
Investment fees	(19,800)	(15,908)
	<u>\$ 263,652</u>	<u>\$ 126,449</u>

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

Without donor restrictions	\$ 263,523	\$ 124,594
With donor restrictions	129	1,855
	<u>\$ 263,652</u>	<u>\$ 126,449</u>

**6) LINE OF CREDIT**

CERF+ has a \$100,000 line of credit with 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% (3.75% at September 30, 2021 and 2020). There was no outstanding balance on the line of credit at September 30, 2021 or 2020.

**7) GRANTS PAYABLE**

Grants payable consisted of grant funding due to organizations.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**8) LONG-TERM DEBT**

Long-term debt consisted of the following at September 30:

	<u>2021</u>	<u>2020</u>
People's United Bank, N.A.:		
Paycheck Protection Program note with monthly payments of \$5,836, deferred until August 2021, bearing interest at 1%, uncollateralized, guaranteed by the U.S. Small Business Administration (SBA), due July 2023	\$ -	\$ 103,700
Less current portion	-	(9,000)
	<u>\$ -</u>	<u>\$ 94,700</u>

The SBA issued official forgiveness of the Paycheck Protection Program loan in March 2021.

**9) LEASES**

CERF+ leases office space under a non-cancelable lease through June 2024. Lease expenses were \$27,059 and \$24,945 for the years ended September 30, 2021 and 2020, respectively.

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

2022	\$ 27,000
2023	27,000
2024	<u>21,000</u>
	<u>\$ 75,000</u>

**10) 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 2021 and 2020). Employees can also make salary deferrals up to prescribed annual limits. Employer contributions to the plan were \$13,476 and \$10,507 for the years ended September 30, 2021 and 2020, respectively.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**11) 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:

	<u>2021</u>	<u>2020</u>
Internal purposes:		
Software licensing fees	\$ 33,389	\$ 24,000
Promotion	23,158	-
Other goods and services	400	-
Travel, conferences and meetings	-	1,163
	<u>56,947</u>	<u>25,163</u>
Brokered assistance	<u>16,462</u>	<u>11,824</u>
	<u>\$ 73,409</u>	<u>\$ 36,987</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 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.

**12) 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:

	<u>2021</u>	<u>2020</u>
Emergency and disaster relief	\$ 433,469	\$ 506,144
Etsy Sellers Fund	351,455	168,258
COVID-19 emergency relief	333,879	212,077
Emergency preparedness	240,369	254,436
Emergency and disaster relief - Puerto Rico	30,000	50,000
Board development	18,182	18,182
Artist legacy planning	8,025	7,525
Advocacy	30,550	-
Future periods and programs	80,937	212,877
	<u>\$ 1,526,866</u>	<u>\$ 1,429,499</u>



**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**13) 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.

**14) GLOBAL PANDEMIC**

In March 2020, the world experienced a global pandemic, COVID-19, which dramatically decreased economic activity. The CERF+ staff began working remotely as of March 16, 2020 as required by the State of Vermont's executive order. As of the report date, remote operations have continued and the Organization has adopted virtual staff and operational meetings as well as adjusting internal control procedures to be compatible with remote working conditions. CERF+ retained all staff members.

CERF+ has continued to receive steady support from private funders in response to the pandemic, allowing CERF+ to serve craft artists impacted by the crisis through emergency grants. CERF+ extended the temporary 12-month hold on loan payments for loan recipients in recognition of the financial hardship the pandemic had created for artists through March 2022. In addition, as described in Note 8, CERF+ applied for and received an SBA Paycheck Protection Program loan in April 2020, which was fully forgiven in March 2021. In response to the ongoing financial emergencies that craft artists experienced due to the pandemic, CERF+ continued the quick relief grant program it started in 2020 which is designed to serve those artists facing dire financial situations. This grant program resulted in CERF+ providing the second highest number of individual grants than at any time in CERF+'s history. CERF+ also expanded its studio safety and emergency preparedness grant program - At the 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 At the Ready grants than at any time in CERF+'s history as well. CERF+ has also expanded its reach by providing grant funding to a partner organization to fund emergency grants to craft artists.

As of the report date, while CERF+ continues to experience strong support, it is not possible to forecast the long-term impact the ongoing pandemic may have on CERF+'s operations.

**15) SUBSEQUENT EVENTS**

CERF+ has evaluated events and transactions for potential recognition or disclosure through February 8, 2022, the date the financial statements were available to be issued.