



**CRAFT EMERGENCY RELIEF FUND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**CRAFT EMERGENCY RELIEF FUND, INC.**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2023 AND 2022**

	<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 - 2023	7
Statement of Functional Expenses - 2022	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 22



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, 2023 and 2022, 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, 2023 and 2022, 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.

### Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1, Craft Emergency Relief Fund, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. Our opinion is not modified with respect to this matter.

### 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.

## **Responsibilities of Management for the Financial Statements (continued)**

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.

A handwritten signature in black ink that reads "Jmm & Associates". The signature is written in a cursive, flowing style.

February 12, 2024

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 373,846	\$ 857,297
Grants receivable	12,489	12,326
Current portion of pledges receivable	1,088,000	240,500
Current portion of loans receivable	6,000	11,000
Prepaid expenses	11,504	9,695
<b>TOTAL CURRENT ASSETS</b>	<u>1,491,839</u>	<u>1,130,818</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>(32,542)</u>	<u>(29,731)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>1,271</u>	<u>4,082</u>
<b>OTHER ASSETS</b>		
Investments	2,262,191	2,205,073
Noncurrent pledges receivable	-	240,000
Noncurrent loans receivable, net	2,292	5,742
<b>TOTAL OTHER ASSETS</b>	<u>2,264,483</u>	<u>2,450,815</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,757,593</u>	<u>\$ 3,585,715</u>

**See accompanying notes.**

## LIABILITIES AND NET ASSETS

	2023	2022
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 57,261	\$ 29,388
Accrued salaries and related liabilities	20,827	18,734
Accrued vacation	-	43,698
	78,088	91,820
<b>TOTAL CURRENT LIABILITIES</b>	78,088	91,820
	78,088	91,820
<b>TOTAL LIABILITIES</b>	78,088	91,820
<b>NET ASSETS</b>		
Net assets without donor restrictions:		
Board designated:		
CERF+ At the Ready Fund	156,286	156,286
Board reserve	441,898	441,898
Long-term investment	774,888	435,479
Sub-total - board designated	1,373,072	1,033,663
Undesignated	123,361	249,585
Total net assets without donor restrictions	1,496,433	1,283,248
Net assets with donor restrictions	2,183,072	2,210,647
	3,679,505	3,493,895
<b>TOTAL NET ASSETS</b>	3,679,505	3,493,895
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 3,757,593	 \$ 3,585,715

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Grants and contributions	\$ 934,092	\$ 771,956
In-kind contributions	73,169	64,553
Investment income (loss)	256,941	(469,122)
Program fees and other income	6,098	1,415
	1,270,300	368,802
Net assets released from restrictions	1,040,988	911,442
	<b>2,311,288</b>	<b>1,280,244</b>
 <b>EXPENSES</b>		
Program services:		
Emergency response	652,099	853,033
Education and training	810,175	452,775
Outreach, marketing and advocacy	142,160	172,663
Subtotal - program services	1,604,434	1,478,471
Support services:		
General and administrative	339,954	350,472
Fundraising	153,715	99,153
Subtotal - support services	493,669	449,625
 <b>TOTAL EXPENSES</b>	<b>2,098,103</b>	<b>1,928,096</b>
 <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>213,185</b>	<b>(647,852)</b>
 <b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,283,248</b>	<b>1,931,100</b>
 <b>ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 1,496,433</b>	<b>\$ 1,283,248</b>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grants and contributions	\$ 1,013,413	\$ 1,595,223
Net assets released from restrictions	<u>(1,040,988)</u>	<u>(911,442)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(27,575)	683,781
<b>BEGINNING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>2,210,647</u>	<u>1,526,866</u>
<b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>\$ 2,183,072</u>	<u>\$ 2,210,647</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 185,610</u>	<u>\$ 35,929</u>

**See accompanying notes.**



**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - 2023**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	<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>2023 Total</b>	<b>2022 Total</b>
Salaries	\$ 118,164	\$ 222,379	\$ 91,225	\$ 431,768	\$ 122,153	\$ 94,323	\$ 648,244	\$ 554,306
Employee benefits	21,852	37,100	13,292	72,244	31,901	19,627	123,772	93,823
Payroll taxes	9,340	16,781	6,800	32,921	12,663	6,823	52,407	41,703
Subtotal - personnel costs	149,356	276,260	111,317	536,933	166,717	120,773	824,423	689,832
Grant expense - individuals	473,000	263,803	-	736,803	-	-	736,803	711,489
Grant expense - organizations	-	210,900	-	210,900	-	-	210,900	65,500
Professional services	3,923	8,700	2,109	14,732	67,923	298	82,953	214,711
In-kind expense	-	-	-	-	73,169	-	73,169	64,553
Information technology	8,743	8,427	12,542	29,712	5,069	10,795	45,576	53,936
Travel	6,718	24,077	7,967	38,762	2,190	1,099	42,051	28,826
Office expenses	2,952	8,255	2,321	13,528	4,947	14,493	32,968	35,644
Occupancy	4,593	7,617	3,337	15,547	6,052	3,776	25,375	41,777
Insurance	1,114	1,848	810	3,772	1,468	916	6,156	5,989
Bank and credit card fees	43	71	31	145	5,206	35	5,386	6,986
Conferences and workshops	1,657	217	1,616	3,490	300	630	4,420	1,942
Other expense	-	-	-	-	4,102	-	4,102	500
Depreciation	-	-	-	-	2,811	-	2,811	2,811
Advertising and promotion	-	-	110	110	-	900	1,010	3,600
<b>TOTAL EXPENSES</b>	<b>\$ 652,099</b>	<b>\$ 810,175</b>	<b>\$ 142,160</b>	<b>\$ 1,604,434</b>	<b>\$ 339,954</b>	<b>\$ 153,715</b>	<b>\$ 2,098,103</b>	<b>\$ 1,928,096</b>

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - 2022**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<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>2022 Total</b>
Salaries	\$ 125,048	\$ 172,288	\$ 80,538	\$ 377,874	\$ 125,369	\$ 51,063	\$ 554,306
Employee benefits	22,504	30,824	8,943	62,271	26,515	5,037	93,823
Payroll taxes	9,837	12,899	6,319	29,055	8,693	3,955	41,703
Subtotal - personnel costs	157,389	216,011	95,800	469,200	160,577	60,055	689,832
Grant expense - individuals	652,000	59,489	-	711,489	-	-	711,489
Professional services	6,742	64,681	46,731	118,154	91,299	5,258	214,711
Grant expense - organizations	-	65,500	-	65,500	-	-	65,500
In-kind expense	-	-	-	-	64,553	-	64,553
Information technology	17,508	11,172	11,465	40,145	6,398	7,393	53,936
Occupancy	10,273	13,110	5,251	28,634	9,354	3,789	41,777
Office expenses	2,772	5,242	2,143	10,157	4,820	20,667	35,644
Travel	3,869	15,420	5,996	25,285	2,203	1,338	28,826
Bank and credit card fees	-	-	-	-	6,986	-	6,986
Insurance	1,473	1,879	753	4,105	1,341	543	5,989
Advertising and promotion	-	-	3,600	3,600	-	-	3,600
Depreciation	-	-	-	-	2,811	-	2,811
Conferences and workshops	1,007	271	424	1,702	130	110	1,942
Other expense	-	-	500	500	-	-	500

**TOTAL EXPENSES**      \$ 853,033      \$ 452,775      \$ 172,663      \$ 1,478,471      \$ 350,472      \$ 99,153      \$ 1,928,096

See accompanying notes.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contributions	\$ 1,339,842	\$ 2,164,853
Cash received from interest and dividends	45,584	34,990
Cash received from loans receivable	4,348	3,676
Other operating receipts	6,098	1,415
Cash paid for personnel	(866,028)	(687,832)
Cash paid to suppliers for goods and services	<u>(1,167,534)</u>	<u>(1,152,722)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(637,690)</u>	<u>364,380</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	1,340,961	1,209,260
Purchases of investments	<u>(1,186,722)</u>	<u>(1,092,637)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>154,239</u>	<u>116,623</u>
<b>INCREASE (DECREASE) IN CASH</b>	(483,451)	481,003
<b>BEGINNING CASH</b>	<u>857,297</u>	<u>376,294</u>
<b>ENDING CASH</b>	<u>\$ 373,846</u>	<u>\$ 857,297</u>

**See accompanying notes.**

## CRAFT EMERGENCY RELIEF FUND, INC.

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

#### 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. 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 \$124,000 and \$607,000 as of September 30, 2023 and 2022, 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, 2023 AND 2022**

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

Leases and adoption of new accounting standard

Effective October 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU 2016-02 requires lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more.

If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

CERF+ has elected to use the practical expedient to not separate lease and non-lease components for all leases and has elected to use the risk-free rate to determine the discount rate for all leases. CERF+ has elected to use the portfolio approach to record similar leases.

CERF+ has elected the option to separate right-of-use assets and liabilities for operating leases from right-of-use assets and lease liabilities for financing leases in the Statements of Financial Position.

CERF+ has adopted a capitalization policy of \$60,000 for all long-term leases.

Management has determined that there were no material leases as of September 30, 2023 that required reporting a right-of-use asset or lease liability.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

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

Reclassification

Portions of the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation.

Accrued vacation

Effective March 2023, CERF+ transitioned to an unlimited leave policy. At the time of adoption, CERF+ employees were paid the cash value of the balance of vacation hours accrued under the former policy as of the effective date.

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.

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 2023 or 2022. There were no material contract assets, receivables or liabilities as of the beginning or end of September 30, 2023 or 2022.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

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

Accounts receivable

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 was necessary as of September 30, 2023 or 2022.

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.

Contributed nonfinancial assets and adoption of new accounting standard

Effective October 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which improves transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The effects of the new standard have been applied retroactively to each prior reporting period presented. The restatement had no effect on net assets as of October 1, 2021.

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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**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.

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, and marketable debt and equity securities.

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.



**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**2) LIQUIDITY (continued)**

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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 373,846	\$ 857,297
Grants receivable	12,489	12,326
Pledges receivable	1,088,000	480,500
Loans receivable	8,292	16,742
Investments	<u>2,262,191</u>	<u>2,205,073</u>
Total financial assets at year-end	3,744,818	3,571,938
Less amounts not available to meet general expenditures:		
Noncurrent loans receivable, net	(2,292)	(5,742)
Board-designated net assets	(1,373,072)	(1,033,663)
Net assets with donor restrictions	<u>(2,183,072)</u>	<u>(2,210,647)</u>
Financial assets available to meet general expenditures	<u>\$ 186,382</u>	<u>\$ 321,886</u>

**3) PLEDGES RECEIVABLE**

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

	<u>2023</u>	<u>2022</u>
Emerging artists technical assistance	\$ 240,000	\$ 480,000
Emergency relief	735,000	-
Future periods and programs	<u>113,000</u>	<u>500</u>
	<u>\$ 1,088,000</u>	<u>\$ 480,500</u>

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

Receivable in less than one year	\$ 1,088,000	\$ 240,500
Receivable in two to five years	<u>-</u>	<u>240,000</u>
	<u>\$ 1,088,000</u>	<u>\$ 480,500</u>

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**3) PLEDGES RECEIVABLE (continued)**

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

	<u>2023</u>	<u>2022</u>
Current	\$ 1,088,000	\$ 240,500
Noncurrent	-	240,000
	<u>\$ 1,088,000</u>	<u>\$ 480,500</u>

Pledges receivable at September 30, 2023 included pledges from two foundations that accounted for 99.9% of total pledges. Pledges receivable at September 30, 2022 included a pledge from one foundation that accounted for 99% 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 8 and 14 loans outstanding at September 30, 2023 and 2022, respectively. There were \$4,102 and \$0 in write-offs in fiscal years 2023 and 2022, respectively. Past due amounts at September 30, 2023 and 2022 were \$5,807 and \$3,020, respectively.

Loans receivable consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Loans receivable	\$ 18,292	\$ 26,742
Less loan loss reserve	(10,000)	(10,000)
	<u>8,292</u>	<u>16,742</u>
Less current portion	(6,000)	(11,000)
	<u>\$ 2,292</u>	<u>\$ 5,742</u>

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**4) LOANS RECEIVABLE (continued)**

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

	<u>2023</u>	<u>2022</u>
Current	\$ 12,485	\$ 23,722
1 - 30 days	84	-
31 - 60 days	-	-
61 - 90 days	-	-
Over 90 days	5,723	3,020
	<u>\$ 18,292</u>	<u>\$ 26,742</u>

Maturities and estimated loan loss reserve were as follows for the years ending September 30:

2024	\$ 6,000
2025	6,000
2026	5,000
2027	1,292
	<u>18,292</u>
Less loan loss reserve	<u>(10,000)</u>
	8,292
Less current portion	<u>(6,000)</u>
	<u>\$ 2,292</u>

**5) INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization's investments include both funds with donor restrictions 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).

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

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

Investments consisted of the following at September 30:

	<b>2023</b>	<b>2022</b>
Mutual funds and exchange-traded funds:		
Equity securities:		
Issuers with small to medium market capitalization (a)	\$ 43,670	\$ 132,875
Investments in real estate entities (b)	-	23,785
Entities in developed markets (c)	151,676	354,924
Entities in emerging and developing markets (d)	-	99,176
Index approach investments (e)	256,915	147,352
Entities outside the United States (g)	-	10,249
	<u>452,261</u>	<u>768,361</u>
Fixed income securities:		
Investment grade or unrated (f)	447,263	720,396
	<u>447,263</u>	<u>720,396</u>
Total mutual funds and exchange-traded funds	<u>899,524</u>	<u>1,488,757</u>
Cash and equivalents	389,684	325,795
Common stocks	761,352	390,521
Other assets	32,743	-
U.S. Treasury notes and U.S. corporate bonds	178,888	-
Total other investments	<u>1,362,667</u>	<u>716,316</u>
	<u>\$ 2,262,191</u>	<u>\$ 2,205,073</u>

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.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

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

(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 value and cost of investments by category were as follows as of:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>September 30, 2023:</b>			
Cash and equivalents	\$ 389,684	\$ 389,684	\$ -
Fixed income	626,151	695,969	(69,818)
Equities	1,213,613	1,124,686	88,927
Other	32,743	33,864	(1,121)
	<u>\$ 2,262,191</u>	<u>\$ 2,244,203</u>	<u>\$ 17,988</u>
<b>September 30, 2022:</b>			
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)
	<u>\$ 2,205,073</u>	<u>\$ 2,411,885</u>	<u>\$ (206,812)</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 had been pledged as collateral for the Organization's line of credit (Note 6).

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

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

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 45,584	\$ 34,990
Realized gain	7,957	94,016
Unrealized gain (loss)	224,800	(579,028)
Investment fees	<u>(21,400)</u>	<u>(19,100)</u>
	<u>\$ 256,941</u>	<u>\$ (469,122)</u>

**6) LINE OF CREDIT**

CERF+ had a \$100,000 line of credit with M&T Bank (formerly People's United Bank, N.A). The line of credit was secured by a pledge of certain investments held by the same bank (Note 5) and bore interest at the Bank's "Prime Rate" plus .5% (6.75% at September 30, 2022). The Organization terminated its line of credit during fiscal year 2023. There was no outstanding balance on the line of credit at September 30, 2023 or 2022.

**7) LEASES**

CERF+ leased office space under a non-cancelable lease with an original expiration date of June 2024. The Organization signed an agreement to terminate the lease effective December 31, 2022. Lease expenses were \$16,748 and \$27,569 for the years ended September 30, 2023 and 2022, respectively, with approximately \$13,000 of the fiscal year 2023 lease expense consisting of early termination penalties.

**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 2023 and 2022). Employees can also make salary deferrals up to prescribed annual limits. Employer contributions to the plan were \$25,326 and \$14,783 for the years ended September 30, 2023 and 2022, respectively.

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**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:

	<u>2023</u>	<u>2022</u>
Internal purposes:		
Software licensing fees	\$ 24,000	\$ 24,000
Promotion	-	20,560
Other goods	46,669	14,993
	<u>70,669</u>	<u>59,553</u>
Brokered assistance	2,500	5,000
	<u>\$ 73,169</u>	<u>\$ 64,553</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.

CERF+ estimates the fair value of the goods and services based on retail values. Donated gift certificates and credits on goods or services are based on their cash values.

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

**10) NET ASSETS**

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>2023</u>	<u>2022</u>
Emergency and disaster relief	\$ 910,355	\$ 323,802
Emergency preparedness	356,379	688,975
Emerging artist technical assistance	480,345	739,120
Etsy Sellers Fund	308,955	351,455
Board development	14,794	16,956
Artist legacy planning	6,925	8,275
COVID-19 emergency relief	5,319	12,064
Future periods and programs	100,000	70,000
	<u>\$ 2,183,072</u>	<u>\$ 2,210,647</u>

**CRAFT EMERGENCY RELIEF FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**11) COMMITMENTS AND CONTINGENCIES**

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

**12) SUBSEQUENT EVENTS**

CERF+ has evaluated events and transactions for potential recognition or disclosure through February 12, 2024, the date the financial statements were available to be issued.