NATIONAL INCLUSION PROJECT, INC.

FINANCIAL STATEMENTS
(With Independent Auditors' Report)

DECEMBER 31, 2016 AND 2015

NATIONAL INCLUSION PROJECT, INC.

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E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Inclusion Project, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of National Inclusion Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

Auditors' 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 audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Inclusion Project, Inc. as of December 31, 2016 and 2015, 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 the America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

E. C. Ortiz & Co., LLP

Chicago, Illinois
May 8, 2017

National Inclusion Project, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,587,592	$ 1,739,923
Prepaid expenses	600	1,223
TOTAL ASSETS	1,588,192	1,741,146
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	7,905	6,532
NET ASSETS		
Unrestricted	1,580,287	1,734,614
TOTAL LIABILITIES AND NET ASSETS	$ 1,588,192	$ 1,741,146

See accompanying notes to the financial statements.

National Inclusion Project, Inc.
Statements of Activities
For the Years Ended December 31, 2016 and 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Individual contributions	$ 479,782	$ 485,634
Business and foundation contributions	84,449	76,761
Investment income and other	16,806	14,881
Total revenues	581,037	577,276
EXPENSES		
Program expenses	563,577	596,265
Fundraising	75,402	73,163
Management and general	96,385	88,963
Total expenses	735,364	758,391
DECREASE IN NET ASSETS	(154,327)	(181,115)
NET ASSETS, BEGINNING OF YEAR	1,734,614	1,915,729
NET ASSETS, END OF YEAR	$ 1,580,287	$ 1,734,614

See accompanying notes to the financial statements.

National Inclusion Project, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (154,327)	$ (181,115)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Changes in working capital components:		
Accounts payable and accrued expenses	1,373	(3,742)
Prepaid expenses	623	(1,223)
Net cash used in operating activities	(152,331)	(186,080)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(152,331)	(186,080)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,739,923	1,926,003
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,587,592	$ 1,739,923

See accompanying notes to the financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

National Inclusion Project, Inc. (Project) (a nonprofit organization) was established for the purpose of providing services and financial assistance to children and young adults with developmental disabilities and assist with the integration of such individuals into environments with those of a similar age without such disabilities. The Project aims to raise the awareness of the general public regarding the diversity of individuals with these disabilities and the impact such individuals can have on society. The Project works with the disability, education, entertainment and media communities and recognizes those who commit to improving the public perception of the individuals with disabilities.

The Project is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, donors may deduct, for federal income tax purposes, contributions made to the Project. The Project's tax filings are subject to audit by various taxing authorities. As of December 31, 2016, the Project's federal and state income tax returns for 2013, 2014, 2015 and 2016 remained open to examination by the taxing authorities.

A summary of the Project's significant accounting policies follows:

Basis of presentation

The financial statements of the Project are prepared on the accrual basis of accounting.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Certificates of deposit with initial maturities of 3 months or less are generally considered cash equivalents.

Prepaid expenses

Prepaid expenses represent payments made for services in advance of their occurrence.

Accrued vacation and sick time

The Project provides to each full-time staff employee paid annual leave based upon one year's full time employment with the Project. Accrual of annual leave will commence upon the date of employment for each employee and will be based, on an annual basis, upon each individual's anniversary date with the Project. Annual leave will increase with the number of years employed by the Project as follows:

1-5 years - 10 days	Accrued at 1 day per month, Jan. - Oct.
5-12 years - 15 days	Accrued at 1.5 days per month Jan. - Oct.
12-21 years - 20 days	Accrued at 2 days per month Jan. - Oct.
21+ years - 25 days	Accrued at 2.5 days per month Jan. - Oct.

It is the policy of the Project to encourage each employee to utilize allotted annual leave during each individual's employment year. A maximum of five days, or 40 hours, may be carried over from one year to the next. The balance of earned but unused vacation time at December 31, 2016 is $1,871.

Sick leave may be accumulated up to a max of 60 days. At no time will compensation for any unused sick leave be made to an employee who is leaving employment so there is no accrual for sick time.

Classes of net assets

Unrestricted net assets are those currently available for the use of the Project under the direction of the Board of Directors. Temporarily restricted net assets are those assets donated specifically for a specified purpose. There were no temporarily restricted net assets at December 31, 2016 and 2015.

Revenue recognition

Contribution revenues are generally recognized when received in cash by the Project. There are no pledges receivables. In 2012, the Project was named as the beneficiary of an estate. The information about the valuation of the underlying assets of the estate is not available. Due to the uncertainty of this transaction, the Project only recognizes as revenue the amounts actually received in cash.

Subsequent events

Subsequent events have been evaluated through May 8, 2017 which is the date the financial statements were available to be issued. The review and evaluation revealed no new material events or transactions which would require an additional adjustment or disclosure in the accompanying financial statements.

NOTE 2 - NATURE OF PROGRAMS

Overview

The Project is proud to partner with community organizations that are seeking to programmatically open doors for ALL children to learn, live, and play together. Through training, consulting, and funding, the Project meets organizations and helps them to implement quality inclusive programs that impact children and families in their communities.

The Project is working towards a society where conventional thinking shifts away from limitations to potential, from exclusion to inclusion, and from a longing to be included to a sense of belonging. With data showing that only 11% of recreational camp programs across the nation are inclusive, the Project has much work to do.

Following is a summary of some of the major programs operated by the Project during 2016 and 2015:

Let's ALL Play

Let's ALL Play is an innovative, research-validated program model that brings an inclusive recreational experience to children with and without disabilities. Through training, staffing, and scholarships, Let's ALL Play gives children with disabilities the same experience as those without. Children with disabilities and their peers who are typically developing come together to participate in recreational activities such as swimming, arts and crafts, community service, physical fitness and more. The program model was developed by Project staff, partners, and inclusive leaders in the fields of education and recreation.

In a research study by the Center for Social Development and Education at the University of Massachusetts Boston of Let's ALL Play participants, 82% showed improvements in motor skills, 54% improvement in social skills, and 55% in self-esteem. Children with disabilities were also as likely to make new friends as their typical peers.

Accreditation

The Accreditation program was new in 2016 and the purpose and objective of the program is to establish standards and best practices for high-quality inclusion leading to implementation of an accreditation process and training elements. Initial phase of the project design consists of a collaboration between researchers, practitioners, and a range of community-based stakeholders to identify an initial set of standards and a preliminary self-evaluation tool to be piloted with the Project's Let's ALL Play partners in the summer of 2017.

Other Programs/Awareness/Research

Champions Gala - Held annually, the Gala is the Project's largest event to raise awareness of inclusion and all that it has to offer for children across the country. The "State of the Project" address reviews achievements, celebrates successes and highlights goals. Individuals, group and corporate Champions of Inclusion are recognized as the Project honors leadership, commitment and passion to ensure that no one sits on the sidelines.

Power of Play Conference - Held annually, the conference provides a framework and resources for program providers to implement successful inclusion in their programs. The conference provides information that is beneficial for the program provider who is new to inclusion and the inclusion veteran who wants to do more and/or better to serve in an inclusive setting. Educators, parents, and program providers all benefit from the subjects covered and the networking opportunity with leaders in recreational and social inclusion.

NOTE 3 - CONTRIBUTED SERVICES

For the years ended December 31, 2016 and 2015, the Project received numerous contributed services. The Project received management and oversight from volunteers at no cost to the Project. Additional volunteers participate in fund raising and participate in Project functions at no cost to the Project. Many of the Project's activities are dependent on the services of volunteers. It is not possible for the Project to quantify these services and assign a value to them. Accordingly, the accompanying financial statements do not reflect the value of the contributed services.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Project maintains its cash and investment balances in several financial institutions located in Raleigh, North Carolina. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. The amounts in excess of FDIC insurance coverage are approximately $0.9 million and $1.0 million at December 31, 2016 and 2015, respectively.

NOTE 5 - RELATED PARTY

The Project made a grant to the Center for Social Development and Education, whereby the Executive Director of said organization is also a governing board member of the Project. The amounts of grant are $73,950 and $17,500 at December 31, 2016 and 2015, respectively.

SUPPLEMENTARY INFORMATION

National Inclusion Project, Inc.
Schedule of Expenses by Function
December 31, 2016

	Program expenses						
	Let's ALL Play	Accreditation	Other Programs/ Awareness/ Research	Total Programs	Fundraising	Management and General	TOTAL
Salaries and related expenses	$ 131,342	$ -	$ 54,850	$ 186,192	$ 50,685	$ 48,908	$ 285,785
Grants, contributions and direct support	190,002	66,622	634	257,258	-	-	257,258
Professional services	-	2,955	17,225	20,180	1,640	17,917	39,737
Office expense and supplies	1,647	1,116	2,863	5,626	5,867	3,844	15,337
Outside computer services/website	-	-	1,236	1,236	238	1,236	2,710
Occupancy expenses	4,350	-	1,450	5,800	1,450	1,458	8,708
Travel and transportation	13,753	6,699	1,161	21,613	618	383	22,614
Training, conferences and awareness	100	-	61,235	61,335	12,982	-	74,317
Postage, shipping and delivery	731	-	1,016	1,747	37	955	2,739
Printing and copying	-	-	741	741	1,885	384	3,010
Organizational expenses	-	-	1,849	1,849	-	21,300	23,149
Totals	$ 341,925	$ 77,392	$ 144,260	$ 563,577	$ 75,402	$ 96,385	$ 735,364

National Inclusion Project, Inc.
Schedule of Expenses by Function
December 31, 2015

	Program expenses					
	Let's ALL Play	Other Programs/ Awareness/ Research	Total Programs	Fundraising	Management and General	TOTAL
Salaries and related expenses	$ 123,813	$ 56,507	$ 180,320	$ 48,616	$ 43,896	$ 272,832
Grants, contributions and direct support	235,542	12,267	247,809	-	-	247,809
Professional services	31,200	13,633	44,833	8,279	17,046	70,158
Office expense and supplies	4,905	2,583	7,488	2,914	5,266	15,668
Outside computer services/website	-	304	304	-	1,622	1,926
Occupancy expenses	3,600	1,200	4,800	1,200	678	6,678
Travel and transportation	10,731	1,619	12,350	-	-	12,350
Training, conferences and awareness	3,323	91,919	95,242	9,450	-	104,692
Postage, shipping and delivery	851	497	1,348	229	559	2,136
Printing and copying	-	-	-	2,375	1,128	3,503
Organizational expenses	-	1,771	1,771	100	18,768	20,639
Totals	$ 413,965	$ 182,300	$ 596,265	$ 73,163	$ 88,963	$ 758,391