

National Inclusion Project

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

**National Inclusion Project
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December 31, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of National Inclusion Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Inclusion Project as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Roth & Company LLP". The signature is written in a cursive, flowing style.

Chicago, Illinois
July 9, 2021

National Inclusion Project, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 276,995	\$ 388,450
Accounts receivable	21,515	16,919
Short-term investments	24,583	22,943
Prepaid expenses	-	950
Total current assets	<u>323,093</u>	<u>429,262</u>
Noncurrent assets		
Long-term investment	-	1,200,000
TOTAL ASSETS	<u><u>\$ 323,093</u></u>	<u><u>\$ 1,629,262</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,023	\$ 3,552
Paycheck Protection Program loan payable	56,796	-
Total current liabilities	<u>58,819</u>	<u>3,552</u>
NET ASSETS		
Without donor restrictions	<u>264,274</u>	<u>1,625,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 323,093</u></u>	<u><u>\$ 1,629,262</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

National Inclusion Project, Inc.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Individual contributions	\$ 206,923	\$ 386,665
Business and foundation contributions	11,081	202,237
Investment income	<u>1,790</u>	<u>2,904</u>
Total revenues	<u>219,794</u>	<u>591,806</u>
EXPENSES		
Program expenses	255,531	365,249
Fundraising	36,153	51,308
Management and general	<u>89,546</u>	<u>96,135</u>
Total expenses	<u>381,230</u>	<u>512,692</u>
OPERATING INCOME (LOSS)	(161,436)	79,114
OTHER EXPENSE		
Investment impairment adjustment	<u>(1,200,000)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(1,361,436)	79,114
NET ASSETS, BEGINNING OF YEAR	<u>1,625,710</u>	<u>1,546,596</u>
NET ASSETS, END OF YEAR	<u><u>\$ 264,274</u></u>	<u><u>\$ 1,625,710</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

National Inclusion Project, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020					
	Program Services			Supporting Services		
	Let's ALL Play/ Summer Camps	Standards/ Accreditation Programs	Other Programs/ Grants	Total Program Expenses	Management and General	TOTAL
Salaries and related expenses	\$ 118,420	\$ 68,590	\$ 45,538	\$ 232,548	\$ 32,976	\$ 310,404
Professional services	-	2,719	8,145	10,864	1,563	37,447
Office expense and supplies	731	-	2,077	2,808	484	4,458
Outside computer services/Website	203	-	1,693	1,896	376	2,447
Occupancy expenses	1,104	533	303	1,940	303	2,695
Travel and transportation	-	-	-	-	451	1,210
Training, conferences and awareness	-	-	3,900	3,900	-	3,900
Organizational expenses	-	-	1,575	1,575	-	18,669
Totals	\$ 120,458	\$ 71,842	\$ 63,231	\$ 255,531	\$ 36,153	\$ 381,230

	2019					
	Program Services			Supporting Services		
	Let's ALL Play/ Summer Camps	Standards/ Accreditation Programs	Other Programs/ Grants	Total Program Expenses	Management and General	TOTAL
Salaries and related expenses	\$ 85,031	\$ 46,128	\$ 40,648	\$ 171,807	\$ 33,480	\$ 250,880
Professional services	-	63,547	16,400	79,947	8,950	127,406
Office expense and supplies	22	-	2,478	2,500	587	4,790
Outside computer services/Website	3,618	-	1,365	4,983	253	5,594
Occupancy expenses	619	1,724	1,034	3,377	1,034	5,831
Travel and transportation	-	17,371	11,825	29,196	2,957	32,153
Training, conferences and awareness	-	-	71,973	71,973	4,047	76,020
Organizational expenses	-	-	1,466	1,466	-	10,018
Totals	\$ 89,290	\$ 128,770	\$ 147,189	\$ 365,249	\$ 51,308	\$ 512,692

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

National Inclusion Project, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (161,436)	\$ 79,114
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(4,596)	(7,837)
Prepaid expenses	950	900
Accounts payable and accrued expenses	<u>(1,529)</u>	<u>(9,086)</u>
Net cash provided by (used in) operating activities	<u>(166,611)</u>	<u>63,091</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Paycheck Protection Program loan proceeds	<u>56,796</u>	<u>-</u>
Net cash provided by financing activity	<u>56,796</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Investment maturities	<u>(1,640)</u>	<u>(2,678)</u>
Net cash used in investing activity	<u>(1,640)</u>	<u>(2,678)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(111,455)	60,413
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>388,450</u>	<u>328,037</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 276,995</u></u>	<u><u>\$ 388,450</u></u>
NONCASH INVESTING ACTIVITY		
Investment impairment adjustment	\$ 1,200,000	\$ -

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

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, 2020, the Project's federal and state income tax returns for 2017, 2018, 2019 and 2020 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.

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value. Investment income includes interest and dividends and is recorded when earned. Realized gains and losses from investment transactions and changes in fair value (unrealized gains and losses) of investments are recorded as incurred.

Fair value measurement

The Project follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability. These inputs are only used when Level 1 or Level 2 inputs are not available.

Long-term investment

Long-term investment is accounted for under the cost method since the Project does not have the ability to exercise significant influence on the activities of the investee company.

Prepaid expenses

Prepaid expenses represent advance payments for rent.

Paycheck Protection Program

In May 2020, the Project received a loan (PPP Loan) under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (CARES Act). The Project accounts for the loan as a liability under FASB

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASC Topic 470, *Debt*. The Project has spent the funds for permissible purposes during the year. In May 2021, the Project received forgiveness on the entire loan amount from the Small Business Administration.

Classes of net assets

For financial reporting purposes, the Project's net assets are classified in the following net asset classifications based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions are not subject to donor-imposed restriction and may be expended for any purpose in performing the primary objectives of the Project.

Net assets with donor restrictions are subject to donor-imposed restrictions on their use. The Project reports gifts of cash and other assets that are designated for future periods or restricted by the donor for specific purposes as net assets with donor restrictions. If satisfaction of donor restrictions occurs in the same year as revenue recognition, the amounts are reflected as net assets without donor restrictions. When a donor restriction is met in a subsequent year, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of December 31, 2020 and 2019, there were no net assets with donor restrictions.

Functional allocation of expense

The cost of providing the various programs, development (fundraising), and general and administrative services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The cost of salaries, wages, and benefits for employees whose work benefits multiple functions is allocated between the functions proportional to time spent. Remaining costs are allocated to functions based on specific identification of the invoice or employee generating the cost.

Revenue recognition

Contribution revenues are generally recognized when received in cash by the Project. There are no pledges receivable as of December 31, 2020 and 2019. In

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Project received all of its share of the assets of the estate as of December 31, 2019.

Reclassification

Certain reclassifications have been made to the 2019 financial statements to conform with the 2020 presentation.

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.

Following is a summary of some of the major programs operated by the Project during 2020 and 2019:

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 educational assistance, 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 (CSDE) 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.

National Inclusion Project
Notes to the Financial Statements
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NOTE 2 NATURE OF PROGRAMS (Continued)

Standards

In partnership with the CSDE, the Project developed and published Standards for Inclusive Recreation Programs (Standards). These Standards provide programs with a comprehensive picture of best practices in inclusion to provide the very best recreational opportunities to children with disabilities and their families. The Standards guide programs to enhance their understanding of social inclusion and implement practices that will improve and expand inclusive programming at all organizational levels.

The Standards serve as the basis of Project's accreditation program, which recognizes, promotes, and accredits successful inclusive recreation programs across the country. Inclusion experts, advocates, and leaders evaluate each program's alignment to the Standards, review documented evidence of implementation, and observe interactions and activities with children who have disabilities on-site. Earning the Project's seal of accreditation (Accreditation) tells families, community members, and other organizations that these programs are committed to the inclusion of children with disabilities in mission, in design, and in practice.

Accreditation

Accreditation is an educational tool based on Project's Standards for recreation organizations to thoroughly assess the extent to which they meet the social, emotional, physical, and learning needs of children with disabilities participating in their program. It offers a clearly defined methodology for achieving meaningful inclusion of ALL children. Earning the Accreditation tells families, community members, and other organizations that these programs provide opportunities that allow them to fully participate alongside all their peers.

Together, Project's Standards and Accreditation exemplify our mission to equip organizations with the tools, strategies, and resources for providing gold standard inclusive programming for ALL children.

Other programs/awareness/research

Founders 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. Mission focused activities, program developments and special initiatives are celebrated, and individual champions of inclusion are recognized as the Project

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 2 NATURE OF PROGRAMS (Continued)

honors leadership, commitment and passion to ensure that no one sits on the sidelines. Due to the novel coronavirus (COVID-19) pandemic, this event was cancelled in 2020.

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 AVAILABILITY AND LIQUIDITY

The Project regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The following represents the Project's financial assets available to meet general operating needs for the next upcoming fiscal year as of December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 276,995	\$ 388,450
Accounts receivable	21,515	16,919
Short-term investments	24,583	22,943
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 323,093</u>	<u>\$ 428,312</u>

NOTE 4 CONTRIBUTED SERVICES

For the years ended December 31, 2020 and 2019, the Project received numerous contributed services. The Project received management and oversight from volunteers at no cost to the Project. Additional volunteers participate in fundraising 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.

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 5 INVESTMENTS

The following tables set forth, by level within the fair value hierarchy, the Project's investment assets at fair value as of December 31, 2020 and 2019. As required, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Project did not own any assets that required measurement using Level 2 and Level 3 inputs as of December 31, 2020 and 2019.

Investment Type	Fair Value Measurements at 12/31/20 Using			Total
	Level 1	Level 2	Level 3	
Equity and other securities	\$ 24,583	\$ –	\$ –	\$ 24,583

Investment Type	Fair Value Measurements at 12/31/19 Using			Total
	Level 1	Level 2	Level 3	
Equity and other securities	\$ 22,943	\$ –	\$ –	\$ 22,943

Investment income consisted of the following for the year ended December 31,

	2020	2019
Interest, dividends, and unrealized gains	\$ 1,790	\$ 2,905

All investments are managed by an outside investment broker and all investment fair values have been provided by the investment broker.

During 2018, the Project made a private placement investment in an operating company which was accounted for under the cost method since the Project does not have the ability to exercise significant influence on the activities of the investee company. Due to the COVID-19 pandemic, the company was required to cease operations and due to the uncertainty caused by the pandemic, the potential for restarting operations is currently unknown. The Project expects the company to resume operations, but the timing is currently unknown. The Project has made an impairment assessment to determine the pandemic's impact on the value of this asset. Since the company is currently not operating, the Project has decided to recognize an impairment loss of \$1,200,000 for the year ended December 31, 2020.

NOTE 6 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 \$11,681 and \$79,668 at December 31, 2020 and 2019, respectively.

National Inclusion Project
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 7 PAYCHECK PROTECTION PROGRAM

In May 2020, the Project received loan proceeds totaling \$56,976. The terms of the PPP Loan include an interest rate of 1% per annum. The CARES Act provides that the PPP Loan may be partially or wholly forgiven if the funds are used for qualifying expenses and certain conditions are met. The Project has spent the funds for permissible purposes during the year. In May 2021, the Project received forgiveness on the entire loan amount from the Small Business Administration.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 9, 2021 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.