

National Inclusion Project, Inc.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

C.W. Dunn & Associates, CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
PITTSBORO, NORTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of National Inclusion Project, Inc. (a nonprofit organization), which comprises the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects the financial position of National Inclusion Project, Inc. as of December 31, 2022, and the changes in its assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements as of and for the year ended December 31, 2021 were reviewed by us, and our review, dated June 13, 2022, expressed that we were not aware of any material modifications that should be made to the financial statements, as of the year ended December 31, 2021, in order for those statements to be in conformity with accounting principles generally accepted in the United States of America.

Basis of 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 National Inclusion Project, Inc. and to meet our other ethical responsibilities in accordance with 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.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 National Inclusion Project, 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 it 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 judgement 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 National Inclusion Project, 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 National Inclusion Project, 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, 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.

C. W. Dunn & Associates CPAs, PLLC

Pittsboro, NC
July 24, 2023

FINANCIAL STATEMENTS

**NATIONAL INCLUSION PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 and 2021**

	<u>2022</u> <u>(Audited)</u>	<u>2021</u> <u>(Reviewed)</u>
ASSETS		
ASSETS:		
Current assets		
Cash and cash equivalents	\$ 275,051	\$ 296,199
Accounts receivable	28,237	30,175
Short-term investments	<u>158,335</u>	<u>22,273</u>
Total current assets	<u>461,623</u>	<u>348,647</u>
TOTAL ASSETS	<u>\$ 461,623</u>	<u>\$ 348,647</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 1,367</u>	<u>\$ 3,092</u>
Total current liabilities	<u>1,367</u>	<u>3,092</u>
TOTAL LIABILITIES	<u>1,367</u>	<u>3,092</u>
NET ASSETS:		
Without donor restrictions	<u>460,256</u>	<u>345,555</u>
Total net assets	<u>460,256</u>	<u>345,555</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 461,623</u>	<u>\$ 348,647</u>

The accompanying notes are an integral part of the financial statements.

NATIONAL INCLUSION PROJECT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2022 and 2021

	2022	2021
	(Audited)	(Reviewed)
REVENUES AND OTHER SUPPORT		
Individual contributions	\$ 360,502	\$ 218,267
Business and foundation contributions	105,155	54,436
State Grants	8,715	-
Investment income	1,509	1,041
Other Income	<u>226</u>	<u>7,597</u>
Total contributions and other support	476,107	281,341
EXPENSES		
Program services	240,106	198,539
Fundraising	53,873	49,666
Management and general	<u>67,427</u>	<u>73,328</u>
Total expenses	<u>361,406</u>	<u>321,533</u>
NONOPERATING INCOME		
Forgiveness of PPP Loans	<u>-</u>	<u>121,473</u>
INCREASE IN NET ASSETS	114,701	81,281
NET ASSETS - BEGINNING OF YEAR	<u>345,555</u>	<u>264,274</u>
NET ASSETS - END OF YEAR	<u><u>\$ 460,256</u></u>	<u><u>\$ 345,555</u></u>

The accompanying notes are an integral part of the financial statements.

NATIONAL INCLUSION PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	2022 (Audited)				Supporting Services		TOTAL
	Program expenses		Management and General		Fundraising	General	
	Let's ALL Play/ Summer Camps	Accreditation Program	Other Programs/ Grants	Total Programs	Fundraising	Management and General	TOTAL
Salaries and related expenses	\$ 86,436	\$ 47,060	\$ 41,764	\$ 175,260	\$ 34,836	\$ 44,091	\$ 254,187
Professional services	-	31,666	7,200	38,866	2,000	20,016	60,882
Office expense and supplies	-	273	1,808	2,081	308	512	2,901
Outside computer services/Website	-	-	1,693	1,693	314	411	2,418
Travel and transportation	2,083	2,024	747	4,854	-	-	4,854
Training, conferences and awareness	-	-	14,476	14,476	15,881	-	30,357
Organizational expenses	-	-	2,876	2,876	534	2,397	5,807
Totals	\$ 88,519	\$ 81,023	\$ 70,564	\$ 240,106	\$ 53,873	\$ 67,427	\$ 361,406

The accompanying notes are an integral part of the financial statements.

NATIONAL INCLUSION PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

2021 (Reviewed)

	Program expenses			Supporting Services			TOTAL
	Let's ALL Play/ Summer Camps	Accreditation Program	Other Programs/ Grants	Total Programs	Fundraising	Management and General	
Salaries and related expenses	\$ 90,739	\$ 50,214	\$ 41,639	\$ 182,592	\$ 32,779	\$ 41,590	\$ 256,961
Professional services	2,000	-	5,400	7,400	2,000	26,935	36,335
Office expense and supplies	-	9	1,159	1,168	195	1,021	2,384
Outside computer services/Website	-	-	1,826	1,826	330	431	2,587
Travel and transportation	362	601	542	1,505	-	-	1,505
Training, conferences and awareness	-	-	1,210	1,210	13,835	-	15,045
Organizational expenses	-	-	2,838	2,838	527	3,351	6,716
Totals	\$ 93,101	\$ 50,824	\$ 54,614	\$ 198,539	\$ 49,666	\$ 73,328	\$ 321,533

The accompanying notes are an integral part of the financial statements.

NATIONAL INCLUSION PROJECT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022 (Audited)	2021 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 114,701	\$ 81,281
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Non-cash item: Forgiveness of PPP Loans	-	(121,473)
Effects of changes in operating assets and liabilities:		
Accounts receivable	1,938	(8,660)
Accounts payable and accrued expenses	(1,724)	1,069
Net cash provided by (used in) operating activities	114,915	(47,783)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investment Activity	13,602	2,310
Purchase of investments	(149,665)	-
Net cash provided by (used in) investing activities	(136,063)	2,310
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	-	64,677
Net cash provided by financing activities	-	64,677
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(21,148)	19,204
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	296,199	276,995
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 275,051	\$ 296,199
<u>SUPPLEMENTAL DISCLOSURE:</u>		
Cash paid for interest	\$ -	\$ -
<u>CASH AND CASH EQUIVALENTS COMPOSITION:</u>		
Without donor restrictions	\$ 275,051	\$ 296,199
	\$ 275,051	\$ 296,199

The accompanying notes are an integral part of the financial statements.

NATIONAL INCLUSION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – 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 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, 2022, the Project's federal and state income tax returns for 2019, 2020, 2021, and 2022 remained open to examination by the taxing authorities.

Basis of Presentation

Accrual Basis of Accounting

The financial statements of National Inclusion Project, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America ("GAAP"). Under these provisions National Inclusion Project, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, that are available without limitation for support of National Inclusion Project Inc.'s operations.

With donor restrictions – These net assets represent contributions, and other income, which must be spent for the purpose designated by the donors. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As of December 31, 2022 and 2021, there were no net assets with donor restrictions.

Revenue Recognition

Contribution revenues are generally recognized when received in cash by the Project. There are no pledges receivable as of December 31, 2022 and 2021.

NATIONAL INCLUSION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The costs of providing the various program services, development (fundraising), and general and administrative services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries/benefits and payroll taxes have been allocated based on timesheets and the hours spent 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.

Support and Revenue

Contributions. Contributions of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions are reclassified to without donor restrictions and reported in the Statements of Activities as *“net assets released from restrictions.”* As of December 31, 2022 and 2021, there were no donor restrictions on the cash contributions received.

Contracts and grants. Resources from the purchase of service contracts and grants are recognized as revenue when the related costs are incurred.

Accounts Receivable. Accounts receivable consist primarily of the December on-line donations that are remitted to National Inclusion Project, Inc. in the subsequent month. Management evaluates the collectability of the accounts receivable and provides an allowance for those that they deem uncollectable. Any write-offs of receivables are recorded against the allowance for bad debt. National Inclusion Project, Inc. considers all accounts receivable to be fully realized, therefore, no provision for uncollectible amounts has been included at December 31, 2022 and 2021. If amounts do become uncollectible, they will be charged to the operations when that determination is made. There were not any amounts written-off as uncollectible in 2022 and 2021.

Contributions of non-cash assets or services. Contributions of donated non-cash assets are recorded as support at their fair values in the period received. Contributions of donated services are recorded at their fair market values in the period received. Donated services are those that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NATIONAL INCLUSION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations and Risks

National Inclusion Project, Inc. maintains cash with a commercial bank located in Durham, North Carolina. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specific limits. Balances in excess of FDIC limits are uninsured. At December 31, 2022 there was cash exceeding the FDIC limits of \$250,000 by \$25,051 and at December 31, 2021 there was cash exceeding the FDIC limits of \$250,000 by \$46,199.

National Inclusion Project, Inc. relies significantly on its donations from individuals and businesses. Any interruption or significant reduction in the current levels of donations received could have an adverse effect on the continuation of the operations and therefore represents a concentration in the realization of revenues.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with United States generally accepted accounting principles 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 within initial maturities of 3 months or less are generally considered cash equivalents.

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

Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, 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 reported 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.

NATIONAL INCLUSION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Cash Flows

For the purposes of reporting cash flows, cash includes cash on hand, money market accounts, certificates of deposit with original maturities of 90 days or less and amounts on deposit with banks.

Income Taxes

National Inclusion Project, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The state of North Carolina has granted a similar exemption. Therefore, no income taxes are reflected in these 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.

Following is a summary of some of the major programs operated by Project during 2022 and 2021:

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 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, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 – NATURE OF PROGRAMS (CONTINUED)

Standards

In partnership with the Center for Social Development and Education (CSDE) at the University of Massachusetts Boston, the National Inclusion Project, Inc. developed and published Standards for Inclusive Recreation Programs. 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 the 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 for Inclusive Recreation Programs, review documented evidence of implementation, and observe interactions and activities with children who have disabilities on-site. Earning the National Inclusion Project seal of 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 our Standards for recreation organizations to thoroughly assess the extent to which they meet 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 National Inclusion Project seal of Accreditation tells families, community members, and other organizations that your program provide opportunities that allow them to fully participate alongside all their peers.

Together, the 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.

Inclusive Recreation Specialist Course

The online Inclusive Recreation Specialist course is designed for recreation professionals early in their careers, experienced practitioners working in recreation or related fields, as well as students still in their studies wanting to deepen their knowledge. When a practitioner completes the 16-week online Course, they earn a Certificate in Inclusive Recreation from NIP indicating their professional skills align with the Standards for Inclusive Recreation Programs and that they are trained to comprehensively meet the needs of children with disabilities in recreational settings and programs.

**NATIONAL INCLUSION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021**

NOTE 2 – NATURE OF PROGRAMS (CONTINUED)

Other Programs/Awareness/Research

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 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below reflects National Inclusion Project, Inc.'s financial assets available within one year of December 31, 2022 and 2021 for general expenditures, reduced by amounts that are not available for general expenditure use due to contractual or donor-imposed restrictions within one year of December 31, 2022:

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2022 (Audited)
Cash and cash equivalents	\$ 275,051
Accounts receivable	28,237
Short-term Investments	<u>158,335</u>
Total financial assets available within one year	461,623
Less:	
Total amount unavailable for general expenditures within one year	<u>-</u>
Total financial assets available to management for general expenditure within one year:	<u>\$ 461,623</u>

National Inclusion Project, Inc. strives to maintain financial assets on hand equal to ninety days of operating expenses, which totaled approximately \$90,351 as of December 31, 2022.

NOTE 4 – CONTRIBUTED SERVICES

For the year ended December 31, 2022 and 2021, 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, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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, 2022 and 2021. 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, 2022 and 2021.

Investment Type	<u>Fair Value Measurements as 12/31/22 (Audited) Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and other securities	<u>\$ 158,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,335</u>

Investment Type	<u>Fair Value Measurements as 12/31/21 (Reviewed) Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and other securities	<u>\$ 22,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,273</u>

Investment income consisted of the following for the year ended December 31, 2022 and 2021.

Interest, dividends, and unrealized gains for the year ended December 31, 2022 was \$1,509 and interest, dividends, and unrealized gains for the year ended December 31, 2021 was \$1,041.

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

NOTE 6 – INDIVIDUAL DONATION

There was a large individual donation of \$148,456 that was deposited into a new investment account that was opened in November of 2022. This money is being invested with Truist Investment.

NOTE 7 – SUBSEQUENT EVENTS

Management evaluated subsequent events through July 14, 2023, the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.