

**NEW HAVEN INTERNATIONAL FESTIVAL
OF ARTS AND IDEAS, INC.**

Financial Statements

September 30, 2021 and 2020

**NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
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Simione Macca & Larrow^{LLP}



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Haven International Festival of Arts and Ideas, Inc.
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of New Haven International Festival of Arts and Ideas, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

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 New Haven International Festival of Arts and Ideas, Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, on our consideration of New Haven International Festival of Arts and Ideas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Haven International Festival of Arts and Ideas, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Haven International Festival of Arts and Ideas, Inc.'s internal control over financial reporting and compliance.

Simione Macca & Larrow LLP

Hamden, Connecticut
February 18, 2022

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 458,782	\$ 1,333,739
Contributions receivable	633,453	646,580
Prepaid expenses	55,441	12,183
Investment	<u>553,024</u>	<u>832,854</u>
Total Current Assets	<u>1,700,700</u>	<u>2,825,356</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	164,571	77,238
Less accumulated depreciation	<u>75,891</u>	<u>63,621</u>
Net Property and Equipment	<u>88,680</u>	<u>13,617</u>
Total Assets	<u><u>\$ 1,789,380</u></u>	<u><u>\$ 2,838,973</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 78,141	\$ 94,000
Paycheck Protection Program loan payable	<u>-</u>	<u>262,300</u>
Total Current Liabilities	<u>78,141</u>	<u>356,300</u>
NET ASSETS		
Without donor restrictions	1,688,639	2,249,473
With donor restrictions	<u>22,600</u>	<u>233,200</u>
Total Net Assets	<u>1,711,239</u>	<u>2,482,673</u>
Total Liabilities and Net Assets	<u><u>\$ 1,789,380</u></u>	<u><u>\$ 2,838,973</u></u>

See notes to financial statements.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended September 30, 2021 and 2020

	2021		2020		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE					
Contributions:					
Corporate	\$ 311,197	\$ -	\$ 296,158	\$ -	\$ 296,158
Foundation	120,004	17,500	169,380	-	169,380
Government	696,334	492,761	135,154	406,460	541,614
Individual	974,411	2,700	1,183,129	10,600	1,193,729
Total Contributions	<u>2,101,946</u>	<u>512,961</u>	<u>1,783,821</u>	<u>417,060</u>	<u>2,200,881</u>
Admissions	14,513	-	-	-	-
Donated materials and services	-	-	5,120	-	5,120
Special event income	67,859	-	251,166	-	251,166
Special event expenses	(18,502)	-	(59,946)	-	(59,946)
Other	12,578	-	8,843	-	8,843
Net assets released from restrictions	723,561	(723,561)	713,360	(713,360)	-
Total Support and Revenue	<u>2,901,955</u>	<u>(210,600)</u>	<u>2,702,364</u>	<u>(296,300)</u>	<u>2,406,064</u>
EXPENSES					
Program costs	2,623,421	-	1,181,606	-	1,181,606
General and administrative	323,436	-	303,453	-	303,453
Fundraising	515,932	-	415,707	-	415,707
Total Expenses	<u>3,462,789</u>	<u>-</u>	<u>1,900,766</u>	<u>-</u>	<u>1,900,766</u>
Change in net assets	(560,834)	(210,600)	801,598	(296,300)	505,298
NET ASSETS, Beginning	<u>2,249,473</u>	<u>233,200</u>	<u>1,447,875</u>	<u>529,500</u>	<u>1,977,375</u>
NET ASSETS, Ending	<u>\$ 1,688,639</u>	<u>\$ 22,600</u>	<u>\$ 2,249,473</u>	<u>\$ 233,200</u>	<u>\$ 2,482,673</u>

See notes to financial statements.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2021 and 2020

	2021			2020		
	Program Costs	General and Administrative	Total	Program Costs	General and Administrative	Total
PERSONNEL EXPENSES						
Salaries	\$ 1,111,799	\$ 189,680	\$ 1,301,479	\$ 617,708	\$ 115,834	\$ 733,542
Fringe benefits	96,789	20,234	117,023	60,574	13,020	73,594
Payroll taxes	93,697	14,588	108,285	50,545	9,145	59,690
Total personnel expenses	1,302,285	224,502	1,526,787	728,827	137,999	866,826
OTHER EXPENSES						
Direct artists expenses	465,900	-	465,900	192,931	-	192,931
Equipment and venue rental	296,775	-	296,775	10,363	-	10,363
Marketing	172,518	-	172,518	110,480	-	110,480
Build out	167,821	-	167,821	5,015	-	5,015
Office supplies and expenses	60,621	8,660	69,281	29,650	4,236	33,886
Rent	54,771	7,824	62,595	54,771	7,824	62,595
Miscellaneous	28,636	26,118	54,754	745	6,283	7,028
Fundraising expenses	-	-	-	-	-	-
Professional fees	-	38,785	38,785	-	12,650	12,650
Communication expenses	23,785	3,398	27,183	6,695	956	7,651
Insurance	15,158	10,162	25,320	19,552	7,563	27,115
Travel	20,968	4,335	25,303	3,353	5,257	8,610
Depreciation	8,589	1,227	9,816	3,794	542	4,286
Credit card fees	4,538	-	4,538	14,486	-	14,486
Dues and subscriptions	1,056	528	1,584	944	472	1,416
Interest expense	-	446	446	-	-	-
Consulting fees	-	(2,549)	(2,549)	-	119,671	119,671
Total other expenses	1,321,136	98,934	1,420,070	452,779	165,454	618,233
Total Functional Expenses	\$ 2,623,421	\$ 323,436	\$ 2,946,857	\$ 1,181,606	\$ 303,453	\$ 1,485,059

See notes to financial statements.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (771,434)	\$ 505,298
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	12,270	5,420
Paycheck Protection Program forgiveness	(262,300)	-
Changes in assets and liabilities:		
Contributions receivable	13,127	398,581
Prepaid expenses	(43,258)	8,942
Accounts payable and accrued expenses	(15,859)	81,915
Net Cash Provided by (Used in) Operating Activities	(1,067,454)	1,000,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(87,333)	-
Purchase of investment	(420,170)	(553,797)
Proceeds from sale of investment	700,000	200,000
Net Cash Provided by (Used in) Investing Activities	192,497	(353,797)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	262,300
Net increase/(decrease) in cash and cash equivalents	(874,957)	908,659
CASH AND CASH EQUIVALENTS, Beginning	1,333,739	425,080
CASH AND CASH EQUIVALENTS, Ending	\$ 458,782	\$ 1,333,739

See notes to financial statements.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - New Haven International Festival of Arts and Ideas, Inc. (the “Organization”) was established as a not-for-profit Connecticut corporation in 1995 for the purpose of organizing, conducting and supporting a summer festival for the performing, visual, and literary arts. The Festival is held annually in New Haven, Connecticut with continuing community arts and educational programs occurring regionally on a year round basis.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation - In accordance with Accounting Standards Codification (“ASC”) Topic 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, the Organization reports information regarding their financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net Assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 - The Organization includes cash on hand, and unrestricted demand deposits with financial institutions, in “Cash and Cash Equivalents” as used in the Statements of Cash Flows. The Organization also considers short-term, highly liquid investments with maturities of three months or less from the date of original acquisition to be cash equivalents. There were no cash equivalents at September 30, 2021 and 2020.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities and Changes in Net Assets in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Investment income includes all interest, dividends, and net realized and unrealized gains and losses.

Property and Equipment - It is the policy of the Organization to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is calculated on a straight line basis over the estimated useful lives of the respective assets. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost. Depreciation expense was \$12,270 and \$5,420 for the years ended September 30, 2021 and 2020, respectively.

Contributions - The Organization accounts for contributions, which includes government grants, in accordance with ASC Topic 958-605, *Revenue Recognition*. In accordance with ASC 958-605, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Donated Materials and Services - Donated materials and services of \$5,120 were recorded at fair market value, and have been included in revenue and expenses for the year ended September 30, 2020. There were no donated materials or services received for the year ended September 30, 2021. In addition, the Organization receives significant amounts of other donated services and materials related to the production of its festival that were not recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

Advertising Costs - Advertising costs, which are expensed as incurred, were \$67,691 and \$15,315 in 2021 and 2020, respectively.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from State and Federal income taxes. The Internal Revenue Service has determined that the Organization is other than a private foundation.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Positions - Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization’s tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. As of September 30, 2021, the Organization’s tax returns generally remain subject to examination by major tax jurisdictions for the last three years.

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Fringe benefits	Time and effort
Payroll taxes	Time and effort
Marketing	Utility of purchase
Office supplies and expenses	Utility of purchase
Rent	Square footage
Miscellaneous	Utility of purchase
Communication expenses	Utility of service
Insurance	Liability and coverage
Travel	Time and effort
Depreciation	Utility of assets
Credit card fees	Utility of purchase
Dues and subscriptions	Time and effort

Fair Value Measurements - The Organization follows the guidance in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements.

Disclosure of Subsequent Events - Management has evaluated subsequent events through February 18, 2022, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the balance sheet date which would require additional adjustment to, or disclosure in, the accompanying financial statements.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard supersedes the revenue recognition requirements in ASC 605 Revenue Recognition and most industry-specific guidance. The standard requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services. During 2016, the FASB issued additional interpretive guidance relating to the standard which covered the topics of principal versus agent considerations and identifying performance obligations and licensing. The new revenue guidance under Topic 606 was adopted on October 1, 2020 using the modified retrospective transition method. No adjustment was made to the Organization’s financial statements as of and for the year ended September 30, 2020 for the application of the new revenue standard.

Under the new revenue recognition rules adopted in the fiscal year beginning October 1, 2020, revenues from contracts with customers continue to be recognized at either a point in time or over time and are not materially impacted by the adoption of the new revenue recognition standard.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Cash

The Organization maintains cash accounts in financial institutions which insure deposits up to \$250,000 with the Federal Deposit Insurance Corporation (“FDIC”). As of September 30, 2021, the aggregate cash balance on deposit at financial institutions used by the Organization exceeded the federally insured limit by \$235,016.

Support and Revenue

The Organization received support from the State of Connecticut which represents 18% and 16% of total support and revenue for the years ended September 30, 2021 and 2020, respectively. In addition, there is increased financial risk because the amounts of state grant awards are not known until late during the Organization’s fiscal year. Any loss or reduction of major grants from the State of Connecticut could have significant impact on the Organization’s financial position and program services.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT

During 2018, the Organization opened a money market mutual fund. The balance of the investment as of September 30, 2021 and 2020 is \$553,024 and \$832,854, respectively.

The Organization follows the guidance contained in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing services, and other applicable indices.

The following table presents the Organization's investments measured at fair value on a recurring basis at September 30, 2021 and 2020:

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT (Continued)

	2021			
Description	Total	Level 1	Level 2	Level 3
Mutual fund	\$ 553,024	\$ 553,024	\$ -	\$ -
Investments at fair value as of September 30, 2021	<u>\$ 553,024</u>	<u>\$ 553,024</u>	<u>\$ -</u>	<u>\$ -</u>
	2020			
Description	Total	Level 1	Level 2	Level 3
Mutual fund	\$ 832,854	\$ 832,854	\$ -	\$ -
Investments at fair value as of September 30, 2020	<u>\$ 832,854</u>	<u>\$ 832,854</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - AVAILABILITY AND LIQUIDITY

Financial Assets at year end:

Cash and cash equivalents	\$ 458,782
Contribution receivable	633,453
Investments	<u>553,024</u>

Total financial assets 1,645,259

Less amounts not available to be used within one year

Net assets with donor restriction	22,600
Less net assets with a purpose restriction to be met in less than one year	(22,600)
Board designated net assets	<u>1,638,639</u>

1,638,639

Financial assets available to meet general expenditures
over the next twelve months

\$ 6,620

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - AVAILABILITY AND LIQUIDITY (Continued)

The Organization plans to have sufficient financial assets to meet obligations as they come due. In addition to the financial assets available, the Organization also has access to lines of credit totaling \$750,000, which were fully available as of September 30, 2021.

NOTE 6 - REVENUES

On October 1, 2020, the Organization adopted the new revenue recognition standard pursuant to ASC Topic 606 to all contracts using the modified retrospective method. There was no impact to the fiscal year ended September 30, 2020 amounts based on the adoption of the standard. The Organization does not expect the adoption of the revenue standard to have a material impact on the financial statements on an ongoing basis.

The Organization derives revenue principally from admissions to performances and sale of tickets to special events. The revenue recognition policies for each are described in further detail below:

- Ticket sales

The Organization has contracts with customers for admission to performances as well as admission to special events. Revenue is recognized at a point in time when the service is offered to the customer.

The Organization's revenues do not include variable consideration. The Organization's payment terms vary by the type of services offered. Customers are billed in advance of services for performances and special events. The Organization has elected the practical expedient to not adjust the total consideration within a contract to reflect a financing component when the duration of the financing is one year or less, however, contracts do not generally include a significant financing component. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

The Organization had ticket sales of \$28,913 and \$37,992 for the fiscal years ended September 30, 2021 and 2020 which are recorded at a point in time. These amounts are contained within the admissions and special event income line items on the Statement of Activities and Changes in Net Assets. The Organization does not typically have any contracts greater than one year with transaction price allocated to remaining performance obligations.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of September 30, 2021 and 2020:

	2021	2020
CT Department of Economic and Community Development	\$ 414,511	\$ 269,432
Other contribution receivables	218,942	377,148
Total Contributions Receivable	\$ 633,453	\$ 646,580

Contributions receivables are due as follows:

	2021	2020
Receivable in less than one year	\$ 633,453	\$ 646,580
Receivable in one to five years	-	-
	\$ 633,453	\$ 646,580

During the fiscal year ended September 30, 2021 and 2020, contributions receivable in the amount of \$10,542 and \$14,790, respectively, were deemed to be uncollectible and removed from contributions receivable. These uncollected amounts are presented as a reduction of contribution revenue in the Statements of Financial Position. As of September 30, 2021, management believes that all contributions receivable are fully collectible.

The CT Department of Economic and Community Development receivable is presented net of a reserve for rescission in the amount of \$41,451 as of September 30, 2020. There was no rescission related to the 2021 award and the reserve was recognized as contribution income in the fiscal year ended September 30, 2021.

NOTE 8 - CONDITIONAL CONTRIBUTIONS

During the fiscal year ended September 30, 2020, the Organization received a multi-year conditional contribution relating to contributions to be received in the fiscal years ended September 30, 2021 and 2022. Conditional contributions are recorded when the condition has been satisfied. The amount of conditional contributions as of September 30, 2021 and 2020 was \$40,000 and \$80,000, respectively.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - OPERATING LEASES

The Organization leases its office on a month-to-month basis. Rent expense was \$78,244 for each of the years ended September 30, 2021 and 2020.

The Organization has noncancelable operating leases for office equipment that begin to expire in September 2024. Rental expense for the leases was \$4,593 and \$4,613 for the years ended September 30, 2021 and 2020, respectively.

Future minimum lease payments under operating leases that have term in excess of one year as of September 30, 2021 are as follows:

<u>Year Ended</u> <u>September 30,</u>	
2022	\$ 4,171
2023	4,171
2024	4,171
2025	<u>140</u>
	<u>\$ 12,653</u>

NOTE 10 - LINES OF CREDIT

The Organization has a \$200,000 line of credit agreement with Citizens Bank which is subject to annual review. Principal is payable on demand and interest is payable monthly at the bank's prime rate (3.25% as of September 30, 2021) plus 0.75%. This agreement is secured by assets of the Organization. There was no outstanding balance at September 30, 2021 and 2020, respectively.

The Organization has a \$550,000 line of credit agreement with Webster Bank which expires on March 19, 2022. Principal is payable on demand and interest is payable monthly at the bank's prime rate (3.25% as of September 30, 2021) or 5%, whichever is higher. The loan is secured by the Organization's assets. There was no outstanding balance at September 30, 2021 and 2020.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, the Organization received loan proceeds from Webster Bank in the aggregate amount of \$262,300 pursuant to the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for Small Business Administration (“SBA”) loans to qualifying businesses. The loans and accrued interest are forgivable after an eight or twenty-four week period as long as the borrower uses the loan proceeds for eligible purposes and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of all payments until the date the SBA remits the borrower’s loan forgiveness amount to the lender (or until ten months after the covered period if the borrower does not apply for forgiveness). The Organization intends to use all proceeds for qualifying expenses, and the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness by the SBA. The Organization’s PPP loan from the fiscal year ended September 30, 2020 was fully forgiven by the SBA.

During the fiscal year ended September 30, 2021, the Organization received a second PPP loan in the amount of \$262,304 with similar terms to the initial PPP loan received in the fiscal year ended September 30, 2020. The Organization’s second PPP loan was also forgiven during the fiscal year ended September 30, 2021.

NOTE 12 - CONTINGENCY

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The national economy has felt the effects of this global Coronavirus pandemic, including the temporary curtailment or limitation of on-site activity by certain types of businesses. The Organization held an in person festival for 2021 along with a streaming option. The duration and extent of those effects on the Organization cannot be accurately determined by Management.

Based on world events it is reasonably possible that the Organization’s financial position could be adversely effected. Management continues to monitor world, national and local events as they relate to future business opportunities and labor availability.

NOTE 13 - WORKING CAPITAL FUND

The working capital fund is a board designated fund established in 2006. The purpose of this fund is to finance the Organization’s operations into the future, minimize external borrowing, and provide the necessary resources to fund commissioned and produced works in advance of current programming. The working capital fund balance was \$1,638,639 and \$2,159,404 at September 30, 2021 and 2020, respectively.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - NET ASSETS

As of September 30, 2021 and 2020, the Organization's net assets without and with restrictions consisted of the following:

	2021	2020
Net Assets Without Donor Restrictions		
Designated by the Board as		
Working Capital Funds (See Note 13)	\$ 1,638,639	\$ 2,159,404
Unrestricted	50,000	90,069
Total Net Assets Without Donor Restrictions	\$ 1,688,639	\$ 2,249,473
Net Assets With Donor Restrictions		
Festival - 2021	\$ -	\$ 33,200
Festival - 2022	22,600	-
Time restricted	-	200,000
Total Net Assets With Donor Restrictions	\$ 22,600	\$ 233,200

NOTE 15 - RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for its employees. Participants in the plan can contribute a percentage of compensation up the maximum allowed under the Internal Revenue Code. The plan also provides for matching contributions by the Organization at an amount to be determined each year by the Board of Directors. The matching contribution was 4% of compensation, which amounted to \$18,210 and \$23,020, for the years ended September 30, 2021 and 2020, respectively.

NOTE 16 - SUPPLEMENTARY CASH FLOW INFORMATION

The Organization uses the indirect method when presenting its cash flow from operating activities in the Statements of Cash Flows. Therefore, the Organization is required to disclose the following supplementary information. Total interest paid was \$446 in 2021. No interest was paid in 2020. No unrelated business income taxes were paid in 2021 and 2020.

Simione Macca & Larrow^{LLP}



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
New Haven International Festival of Arts and Ideas, Inc.
New Haven, Connecticut

We have audited the financial statements of New Haven International Festival of Arts and Ideas, Inc. as of and for the years ended September 30, 2021 and 2020, and have issued our report thereon dated February 18, 2022, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of changes in net assets with donor restrictions is presented for purposes of additional analysis and is 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Simione Macca & Larrow LLP

Hamden, Connecticut
February 18, 2022

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
SCHEDULE OF CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Year Ended September 30, 2021

(See Independent Auditors' Report on Supplementary Information)

	Net Assets With Donor Restrictions October 1, 2020	Contributions With Donor Restrictions Received During 2021	Contributions With Donor Restrictions Released From Restrictions During 2021	Net Assets With Donor Restrictions September 30, 2021
CONTRIBUTIONS				
Corporate	\$ -	\$ -	\$ -	\$ -
Foundation	200,000	17,500	(202,500)	15,000
Government	22,600	492,761	(507,761)	7,600
Individual	<u>10,600</u>	<u>2,700</u>	<u>(13,300)</u>	<u>-</u>
TOTAL	<u>\$ 233,200</u>	<u>\$ 512,961</u>	<u>\$ (723,561)</u>	<u>\$ 22,600</u>

Simione Macca & Larrow^{LLP}



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
New Haven International Festival of Arts and Ideas, Inc.
New Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Haven International Festival of Arts and Ideas, Inc. (the "Organization") (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sunione Macca & Larrow LLP

Hamden, Connecticut
February 18, 2022

Simione Macca & Larrow^{LLP}



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors
New Haven International Festival of Arts and Ideas, Inc.
New Haven, Connecticut

Report on Compliance for Each Major State Program

We have audited the New Haven International Festival of Arts and Ideas, Inc.'s ("the Organization") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Organization's major state programs for the year ended September 30, 2021. The Organization's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Organization's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

(Continued)

Opinion on Each Major State Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

(Continued)

**Report on Schedule of Expenditures of State Financial Assistance Required by the State
Single Audit Act**

We have audited the financial statements of the Organization as of and for the year ended September 30, 2021, and have issued our report thereon dated February 18, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is 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, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Simone Macca & Larrow LLP

Hamden, Connecticut
February 18, 2022

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2021

State Grantor/Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
General Support Operating Grant	12069-ECD46820-17072	\$ 414,511
ARTE Accessible Grant	12069-ECD46820-16258	1,000
CT Arts Endowment Fund 2021 Earnings Distribution	35010-ECD46820-40001	<u>21,079</u>
Total State Financial Assistance		<u><u>\$ 436,590</u></u>

See notes to schedule of expenditures of state financial assistance.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2021

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of New Haven International Festival of Arts and Ideas, Inc. under programs of the State of Connecticut for the fiscal year ended September 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs have funded the annual International Festival of Arts and Ideas which is the Organization's major program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of New Haven International Festival of Arts and Ideas, Inc. conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued:
 Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified yes none reported

Noncompliance material to financial statements noted? yes no

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified yes none reported

Type of auditor's opinion issued on compliance for major programs:
 Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with Section 4-236-24 of the Regulations to the
 State Single Audit Act? yes no

- The following schedule reflects the major state program included in the audit:

<u>State Grantor/Program</u>	<u>Contract Period</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
State Department of Economic and Community Development General Support and Operating Grant	7/21-6/22	12069-ECD46820-17072	\$ 414,511
Dollar threshold used to distinguish between type A and type B programs			\$ 100,000

NEW HAVEN INTERNATIONAL FESTIVAL OF ARTS AND IDEAS, INC.
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended September 30, 2021

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 18, 2022, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State Financial Assistance Program.