

ART 180, INC.

Financial Statements and
Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

ART 180, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
ART 180, Inc.
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of ART 180, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of ART 180, Inc. as of December 31, 2021 and 2020, and its support, revenue, and expenses for the years then ended in accordance with generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are required to be independent of ART 180, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 ART 180's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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



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INDEPENDENT AUDITORS' REPORT (continued)

control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 ART 180's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

North Chesterfield, Virginia
May 20, 2022

ART 180, Inc.

Statement of Financial Position
As of December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 1,014,284	\$ 925,305
Promises to Give	8,502	33,594
Inventory	4,728	3,947
Prepaid expenses and other	<u>7,396</u>	<u>3,378</u>
Total current assets	1,034,910	966,224
Property and equipment, net (note 2)	<u>560,169</u>	<u>554,934</u>
	<u><u>\$ 1,595,079</u></u>	<u><u>\$ 1,521,158</u></u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 10,461	\$ 4,421
Accrued expenses	50,928	46,188
Payroll withholdings payable	-	4,467
Sales tax payable	<u>360</u>	<u>384</u>
Total current liabilities	<u>61,749</u>	<u>55,460</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,210,234	1,267,462
Board designated operating reserve (note 4)	<u>100,000</u>	<u>100,000</u>
Total unrestricted net assets	1,310,234	1,367,462
With donor restrictions (note 5)	<u>223,096</u>	<u>98,236</u>
Total net assets	<u><u>1,533,330</u></u>	<u><u>1,465,698</u></u>
	<u><u>\$ 1,595,079</u></u>	<u><u>\$ 1,521,158</u></u>

See accompanying notes and independent auditor's report.

ART 180, Inc.

Statements of Activities
Year Ended December 31, 2021, with Comparative Totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Support and Revenue</u>				
Contributions and grants (notes 6 and 8)	\$ 506,381	242,600	748,981	\$ 884,758
Contributions - in kind (note 7)	6,927		6,927	2,364
Sales, net of cost of goods sold	3,774		3,774	5,641
Program service fees	13,827		13,827	-
Special events income	16,330		16,330	-
Interest income	1,467		1,467	3,058
Net assets released from restriction	117,740	(117,740)	-	-
Total support and revenue	666,446	124,860	791,306	895,821
<u>Expenses (note 9)</u>				
Program services	380,077	-	380,077	410,845
Support services:				
Management and general	153,465	-	153,465	141,254
Fund-raising	190,132	-	190,132	176,943
Total expenses	723,674	-	723,674	729,042
Change in net assets	(57,228)	124,860	67,632	166,779
Net assets, beginning of year	1,367,462	98,236	1,465,698	1,298,919
Net assets, end of year	\$ 1,310,234	223,096	1,533,330	\$ 1,465,698

See accompanying notes and independent auditor's report.

ART 180, Inc.Statement of Activities
Year Ended December 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions and grants (notes 6 and 8)	\$ 611,808	272,950	884,758
Contributions - in kind (note 7)	2,364	-	2,364
Sales, net of cost of goods sold	5,641	-	5,641
Program service fees	-	-	-
Special events income	-	-	-
Interest income	3,058	-	3,058
Net assets released from restriction	<u>297,514</u>	<u>(297,514)</u>	<u>-</u>
Total support and revenue	<u>920,385</u>	<u>(24,564)</u>	<u>895,821</u>
<u>Expenses (note 9)</u>			
Program services	410,845	-	410,845
Support services:			
Management and general	141,254	-	141,254
Fund-raising	<u>176,943</u>	<u>-</u>	<u>176,943</u>
Total expenses	<u>729,042</u>	<u>-</u>	<u>729,042</u>
Change in net assets	191,343	(24,564)	166,779
Net assets, beginning of year	<u>1,176,119</u>	<u>122,800</u>	<u>1,298,919</u>
Net assets, end of year	<u>\$ 1,367,462</u>	<u>98,236</u>	<u>1,465,698</u>

See accompanying notes and independent auditor's report.

ART 180, Inc.

Statements of Functional Expenses
Year Ended December 31, 2021, with Comparative Totals for 2020

	2021				2020
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>	<u>Total</u>
Payroll and related expenses:					
Salaries and wages	\$ 202,121	106,165	100,040	408,326	\$ 430,454
Stipends for program leaders and assistants	76,593	-	-	76,593	55,576
Payroll taxes	14,556	7,646	7,205	29,407	32,105
Training	360	-	-	360	470
Employee health insurance	13,489	7,086	6,677	27,252	24,462
Total payroll and related expenses	307,119	120,897	113,922	541,938	543,067
Bank and merchant card fees	-	1,131	2,078	3,209	2,934
Board and volunteer expense	1,626	853	803	3,282	2,737
Bookkeeping and payroll services	902	473	446	1,821	1,941
Business insurance	4,548	1,423	650	6,621	6,167
Condominium association dues	13,044	3,479	870	17,393	12,608
Conferences and meetings	1,791	941	887	3,619	1,400
Contracted services	-	-	46,818	46,818	69,669
Depreciation	9,366	4,919	4,635	18,920	17,692
Dues and subscriptions	2,523	1,325	1,248	5,096	4,312
Interest expense	184	97	91	372	-
Maintenance and repairs	1,654	869	819	3,342	925
Office and other	2,289	797	462	3,548	3,147
Postage and mailing	2,273	1,736	2,718	6,727	5,668
Printing	1,686	654	1,656	3,996	1,626
Professional	-	6,833	-	6,833	5,064
Program materials and supplies	6,797	-	-	6,797	6,014
Program food and catering	4,784	-	-	4,784	3,597
Other program expenses	-	-	-	-	2,729
Software and website maintenance	7,061	3,709	7,516	18,286	17,642
Special events	2,405	-	2,405	4,810	4,210
Taxes and licenses	1,644	863	813	3,320	5,642
Telephone	1,867	981	924	3,772	3,423
Travel	942	-	-	942	317
Utilities	5,572	1,485	371	7,428	6,511
	<u>\$ 380,077</u>	<u>153,465</u>	<u>190,132</u>	<u>723,674</u>	<u>\$ 729,042</u>

See accompanying notes and independent auditor's report.

ART 180, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Payroll and related expenses:				
Salaries and wages	\$ 233,737	99,004	97,713	430,454
Stipends for program leaders and assistants	55,576	-	-	55,576
Payroll taxes	17,433	7,384	7,288	32,105
Training	470	-	-	470
Employee health insurance	<u>13,283</u>	<u>5,626</u>	<u>5,553</u>	<u>24,462</u>
Total payroll and related expenses	320,499	112,014	110,554	543,067
Bank and merchant card fees	-	383	2,551	2,934
Board and volunteer expense	1,488	629	620	2,737
Bookkeeping and payroll services	1,054	446	441	1,941
Business insurance	3,349	1,418	1,400	6,167
Condominium association dues	6,846	2,900	2,862	12,608
Conferences and meetings	732	310	358	1,400
Contracted services	31,607	532	37,530	69,669
Depreciation	9,607	4,069	4,016	17,692
Dues and subscriptions	2,341	992	979	4,312
Maintenance and repairs	502	213	210	925
Office and other	1,346	1,238	563	3,147
Postage and mailing	1,431	1,960	2,277	5,668
Printing	1,026	142	458	1,626
Professional	-	5,064	-	5,064
Program materials and supplies	6,014	-	-	6,014
Program food and catering	3,597	-	-	3,597
Other program expenses	2,729	-	-	2,729
Software and website maintenance	7,375	3,124	7,143	17,642
Special events	2,105	-	2,105	4,210
Taxes and licenses	3,050	1,317	1,275	5,642
Telephone	1,858	788	777	3,423
Travel	317	-	-	317
Utilities	<u>1,972</u>	<u>3,715</u>	<u>824</u>	<u>6,511</u>
	<u>\$ 410,845</u>	<u>141,254</u>	<u>176,943</u>	<u>729,042</u>

See accompanying notes and independent auditor's report.

ART 180, Inc.Statements of Cash Flows
Year Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 67,632	\$ 166,779
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	18,920	17,692
Decrease (Increase) in promises to give	25,092	10,063
Decrease (Increase) in inventory	(781)	(1,852)
Decrease (Increase) in prepaid expenses	(4,018)	780
Increase (Decrease) in accounts payable	6,040	(6,767)
Increase (Decrease) in accrued expenses	4,740	10,650
Increase (Decrease) in payroll withholdings payable	(4,467)	(5,125)
Increase (Decrease) in sales tax payable	(24)	(230)
Net cash provided by operating activities	<u>113,134</u>	<u>191,990</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(24,155)</u>	<u>(329)</u>
Net cash used in investing activities	<u>(24,155)</u>	<u>(329)</u>
Net increase in cash	88,979	191,661
Cash, beginning of year	<u>925,305</u>	<u>733,644</u>
Cash, end of year	<u>\$ 1,014,284</u>	<u>\$ 925,305</u>

See accompanying notes and independent auditor's report.

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

ART 180, Inc. ("ART 180") is a Virginia nonprofit corporation formed in 1998. ART 180's mission is to give young people in the Richmond, Virginia metropolitan area the chance to express themselves through art, and to share their stories with others.

ART 180 creates and provides art-related programs for young people living in challenging circumstances, encouraging personal and community change through self-expression.

ART 180's major classes of programs consist of community-based after-school art programs conducted at various school and other partner organization sites around the area, and Atlas-based art programs conducted at the Atlas Art Center for Teens located in ART 180's premises in the downtown arts and culture district.

(b) Basis of Accounting

The financial statements of ART 180 have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles and, accordingly, reflect all significant receivables, prepaid expenses, payables and other accrued expenses.

(c) Financial Statement Presentation

The financial statement presentation conforms to the requirements of the Financial Accounting Standards Board ("FASB") as defined in the FASB Accounting Standards Codification ("ASC") Topic 958, "*Not-for-Profit Entities*". Under ASC Topic 958, ART 180 is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. These classifications are based on the existence or absence of donor-imposed restrictions.

ART 180 reports gifts as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Within the without donor restriction net asset class, the Board of Directors may designate funds for specific purposes (see note 4).

ART 180 reports gifts as donor restricted support 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, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue, and expenses as net assets released from restriction.

ART 180 reports its expenses by their functional classification. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy expenses.

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies (continued)

(c) Financial Statement Presentation (continued)

Program services are the activities that result in goods and services being provided to beneficiaries and community clients that fulfill the mission for which ART 180 exists.

Management and general services include oversight, business management, general recordkeeping, budgeting, financing, and all management and administration except for direct conduct of program services or fund-raising activities.

Fund-raising activities include publicizing and conducting fund-raising campaigns, maintaining donor mailing lists, conducting special fund-raising events, and other activities involved with soliciting contributions.

(d) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Promises to Give

Promises to give are reported at net realizable value. As of December 31, 2021 and 2020, all outstanding grants receivable are expected to be fully collected within one year, therefore no allowance for doubtful receivables has been established.

(f) Liquidity Management

ART 180 is primarily funded by contributions from donors and many contain restrictions. Those restrictions require that resources be used in a certain manner in a future period. Therefore, ART 180 must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, ART 180 has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. ART 180 also invests its cash in excess of its daily needs in a money market account. The Board of Directors occasionally designates amounts to its liquidity reserves that could be utilized in the event of an unanticipated liquidity need. ART 180 could also draw upon a \$100,000 available line of credit (as discussed in note 3).

	2021	2020
Cash and cash equivalents	\$ 1,014,284	\$ 925,305
Accounts receivable	8,502	33,594
Assets limited to use:		
Board-designated	(100,000)	(100,000)
Donor restricted	(223,096)	(98,236)
Financial assets available to meet cash needs for general expenditures within one year	\$ 699,690	\$ 760,663

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies (continued)

(g) Inventory

Inventory consists of calendars, coloring books, and other art related items held for sale, and is stated at the lower of cost, as determined using the average cost method, and net realizable value.

(h) Property and Equipment

Property and equipment with a useful life of more than one year and an acquisition cost of \$5,000 or more are capitalized and are recorded at cost, if purchased, or fair value at the date of donation if contributed. The Organization will expense the full acquisition cost of tangible personal property below the above thresholds in the year of purchase or donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, ART 180 reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ART 180 reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Assets donated without explicit restrictions regarding their use are recorded as unrestricted support.

Depreciation is provided using the straight-line method over the estimated useful lives of assets of three to thirty-nine years.

(i) In-kind Contributions

Contributed inventory, materials, supplies, and use of facilities are reported as support and expenses in the period received at estimated fair value when determinable.

Unskilled volunteer services neither create nor enhance nonfinancial assets nor do they require specialized skills, and thus are not recognized as support, assets or expense in the financial statements.

Contributions of services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as support and expenses at estimated fair value when determinable.

(j) Income Taxes

ART 180 is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 58.1-401.5 of the Code of Virginia, except for taxes on unrelated business income as defined under IRC Sections 511 through 515, and is classified by the Internal Revenue Service as an organization that is not a private foundation. There were no unrelated business income for 2021 or 2020; accordingly, no provisions for income taxes have been made in the financial statements.

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies (continued)

(j) Income Taxes (continued)

ASC Topic 740, “*Income Taxes*”, requires income tax benefits to be recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. As ART 180 reports on the accrual basis of accounting, any adjustments made by tax authorities are recorded when assessed.

ART 180 has analyzed tax positions taken for filing with the Internal Revenue Service and the Virginia Department of Taxation. ART 180 believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on ART 180’s financial statements.

ART 180’s income tax returns are subject to examination by federal and Virginia tax authorities. With few exceptions, ART 180 is no longer subject to U.S. federal tax examinations by tax authorities for years before 2018.

(k) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance and the subsequent amendments, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The guidance for this standard, as amended, is expected to become effective for ART 180 for the year beginning January 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ART 180 has evaluated the impact of its pending adoption of the new standard on its financial statements and has determined that the impact is not expected to be material.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for ART 180 beginning on January 1, 2022. ART 180 is currently evaluating this new guidance, but do not expect the impact of adopting the standard to be material.

ART 180, INC.

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

(2) Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Land	\$ 102,906	\$ 102,906
Building and improvements	537,572	537,572
Office and other equipment	66,538	42,383
Software	13,790	13,790
Furniture and fixtures	25,716	25,716
	<u>746,522</u>	<u>722,367</u>
Less accumulated depreciation	<u>(186,353)</u>	<u>(167,433)</u>
Property and equipment, net	<u>\$ 560,169</u>	<u>\$ 554,934</u>

ART 180 owns office condominium units located at 110, 112, 114 and 116 W. Marshall Street, Richmond, Virginia in which it conducts program and office activities.

(3) Bank Line-of-Credit

ART 180 has a \$100,000 unsecured line of credit with a bank (the "Line") which is subject to annual review and renewal on September 9, 2022. There were no borrowings against the Line at December 31, 2021 or 2020. The Line bears interest at the bank's prime lending rate plus 2%. No interest expense was incurred or paid on the Line in 2021 or 2020.

(4) Board Designated Operating Reserve

The Board designated operating reserve of \$100,000 at December 31, 2021 and 2020 consists of unrestricted funds held in a bank demand deposit account, and is currently available for operating costs of ART 180, but expendable only with the express consent of the Board of Directors.

(5) Net Assets With Donor Restrictions

Donor restricted net assets consist of the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 214,594	\$ 64,642
Grants receivable - time restricted	<u>8,502</u>	<u>33,594</u>
	<u>\$ 223,096</u>	<u>\$ 98,236</u>

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(6) Neighborhood Assistance Program

ART 180 was approved by the Virginia Department of Education to participate in the Neighborhood Assistance Act Tax Credit Program for Education (“NAP”) for the program years ending June 30, 2017 through June 30, 2022. Under the NAP, Virginia income tax credits are available to qualifying donors to ART 180.

ART 180 received total approved NAP contributions of \$58,880 and \$92,881 for the years ended December 31, 2021 and 2020. ART 180 intends to apply to participate in the NAP for the year ending June 30, 2023.

(7) In-kind Contributions

ART 180 received the following in-kind contributions for the years ended December 31:

	2021	2020
Materials and supplies	\$ 6,927	\$ 2,364

(8) Related Party Transactions

Contributions in the accompanying statements of activities include donations from members of ART 180’s Board of Trustees of \$40,499 for 2021 and \$39,900 for 2020. Several employees also contributed to ART 180 in 2021 and 2020.

(9) Allocation of Joint Costs

In 2021 and 2020, ART 180 conducted activities that included requests for contributions, as well as program and management and general components. Those activities included certain special events and the production of the annual report. The costs of conducting those activities included a total of \$6,203 and \$6,727 of joint costs which are not specifically attributable to particular components of the activities for 2021 and 2020. These joint costs were allocated as follows:

	2021	2020
Programs	\$ 2,010	\$ 1,962
Management and general	1,091	1,401
Fund-raising	3,102	3,364
Total	<u>\$ 6,203</u>	<u>\$ 6,727</u>

(10) Concentrations

Contributions received under the Virginia NAP (note 6) constituted 7.44% and 10.36% of 2021 and 2020 revenue and support, respectively.

ART 180 maintains its cash balances at banks insured by the Federal Deposit Insurance Corporation (“FDIC”). ART 180 had \$516,910 and \$428,493 of cash balances in excess of FDIC insured limits at December 31, 2021 and 2020, respectively.

ART 180, INC.

Notes to Financial Statements Years Ended December 31, 2021 and 2020

(11) 403(b) Retirement Plan

ART 180 has adopted a 403(b) Retirement Plan wherein employees may elect to defer compensation on a pre-tax basis. Participant deferrals for 2021 and 2020 are limited to a maximum of \$19,500 and \$19,000 (\$26,000 and \$25,000 for those ages 50 and over), respectively. All employees are eligible to participate. ART 180 made no matching contributions to the 403(b) Retirement Plan in 2021 or 2020.

(12) Subsequent Events

ART 180 has evaluated all subsequent events through May 20, 2022, the date the financial statements were available to be issued.

(13) COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. The Organization’s operations are dependent primarily on donations and grants. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. The Organization does not believe the pandemic will have an adverse effect on donations and grants, however, there exists the possibility that the Organization’s financial condition and liquidity may be negatively impacted.