

PROJECT EXPLORATION

**Financial Statements
as of August 31, 2018
Together with Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Project Exploration

We have audited the accompanying financial statements of Project Exploration, which comprise the statement of financial position as of August 31, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Project Exploration as of August 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


KOPCZYK, OSHER, & SCOTT

PROJECT EXPLORATION
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 45,245
Accounts Receivable	2,075
Grants Receivable	221,505
Prepaid Expenses	<u>887</u>

TOTAL CURRENT ASSETS	<u>\$ 269,712</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	<u>\$ 71,299</u>
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TOTAL CURRENT LIABILITIES	<u>71,299</u>
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LONG-TERM LIABILITIES

Note Payable	<u>68,150</u>
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TOTAL LONG-TERM LIABILITIES	<u>68,150</u>
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TOTAL LIABILITIES	<u>139,449</u>
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NET ASSETS

UNRESTRICTED NET ASSETS	15,263
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TEMPORARILY RESTRICTED	<u>115,000</u>
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TOTAL NET ASSETS	<u>130,263</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 269,712</u>
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The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Direct Public Support	\$ 359,451	\$ 115,000	\$ 474,451
Government Grants	183,268	0	183,268
Interest	538	0	538
Program Revenue	47,065	0	47,065
Donated Services and Facilities	95,313	0	95,313
Miscellaneous Income	1,424	0	1,424
Net Assets Released from Restrictions	<u>22,900</u>	<u><22,900></u>	<u>0</u>
TOTAL REVENUE	<u>\$ 709,959</u>	<u>\$ 92,100</u>	<u>\$ 802,059</u>
OPERATING EXPENSES			
Program Services	\$ 521,350	\$ 0	\$ 521,350
Management and General	123,734	0	123,734
Fundraising	<u>120,519</u>	<u>0</u>	<u>120,519</u>
TOTAL OPERATING EXPENSES	<u>\$ 765,603</u>	<u>\$ 0</u>	<u>\$ 765,603</u>
CHANGE IN NET ASSETS	\$ <55,644>	\$ 92,100	\$ 36,456
BEGINNING OF YEAR	<u>70,907</u>	<u>22,900</u>	<u>93,807</u>
END OF YEAR	<u>\$ 15,263</u>	<u>\$ 115,000</u>	<u>\$ 130,263</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services	Management & General	Fundraising	Grand Total
Compensation and Benefits	\$ 354,517	\$ 36,208	\$ 36,208	\$ 426,933
Contractual Services	17,795	6,976	63,687	88,458
Travel and Meals	20,515	145	3,774	24,434
Occupancy – Rent	8,000	1,000	1,000	10,000
Program Materials	21,947	693	462	23,102
Honorariums	34,823	0	0	34,823
Community Affairs	22,000	0	0	22,000
Audit and Accounting Fees	2,100	3,850	1,050	7,000
Printing, Promotion, and Photography	95	6	25	126
Telephone	430	85	51	566
Insurance	15,892	1,987	1,987	19,866
Legal Expense	9,328	68,715	7,270	85,313
Staff Development	1,258	360	180	1,798
Computer / Information Tech	2,053	1,027	2,053	5,133
Postage and Delivery	84	24	133	241
Office and General Expense	10,513	2,658	2,639	15,810
TOTAL EXPENSES	\$ 521,350	\$ 123,734	\$ 120,519	\$ 765,603

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 36,456
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	0
Accounts Receivable	5,167
Grants Receivables	<66,505>
Prepaid Expenses	<520>
Accounts Payable	<u>64,747</u>
Net Cash Provided by Operating Activities	<u>\$ 39,345</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of Note Payable	<u>\$ <200></u>
Net Cash Used by Financing Activities	<u>\$ <200></u>
Net Increase in Cash	39,145
Cash Balance – Beginning of Year	<u>6,100</u>
Cash Balance – End of Year	<u><u>\$ 45,245</u></u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES

Project Exploration (PE) is a nonprofit science education organization whose mission is to create transformative learning opportunities for youth underrepresented in the sciences - particularly students of color and girls - by equipping them with the skills, practices, and mindset needed for a lifelong pursuit of learning.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The financial statements were available to be issued on June 18, 2019 with subsequent events being evaluated through this date.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROJECT EXPLORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Project Exploration is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Project Exploration has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the year ended August 31, 2018. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily available for current use. Bank accounts are insured by the FDIC up to \$250,000. At August 31, 2018, the Organization did not have bank accounts whose cash balances exceeded the FDIC insured limit.

Fixed Assets

Project Exploration follows the practice of capitalizing, at cost, all expenditures for fixed assets over \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Office Equipment	5 Years
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NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Albert Pick Foundation	\$ 25,000
Motorola Solutions Foundation	<u>90,000</u>
 Total	 <u>\$ 115,000</u>

NOTE 4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Restricted contributions whose restrictions are met in the same accounting period as that in which they are received are reported as unrestricted support.

PROJECT EXPLORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5. DONATED SERVICES AND FACILITIES

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. However, these donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer effort. Donated services, which include legal services, are reflected in the statement of activities at their fair value where they do meet the criteria for recognition. For the year ended August 31, 2018, the value of donated legal services amounted to \$85,313.

Effective September 1, 2013, the Organization entered into a formal lease agreement with the Board of Education of the City of Chicago that expired June 30, 2014. No new agreement has been signed as of August 31, 2018. The Organization has estimated that the fair market value of donated rent is \$10,000 per year.

NOTE 6. NOTE PAYABLE

The Organization signed a note dated September 18, 2013, due to Gerald A. Kolschowsky and Karen A. Kolschowsky, with a principal sum of \$75,000 and no interest. The balance at August 31, 2018 was \$68,150.