

# **PROJECT EXPLORATION**

**Financial Statements  
as of August 31, 2022  
Together with Auditor's Report**

# **PROJECT EXPLORATION**

## **Financial Statements as of August 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Project Exploration  
Chicago, Illinois

### Opinion

We have audited the accompanying financial statements of Project Exploration, which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Project Exploration as of August 31, 2022, 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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Exploration 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation 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 Project Exploration's ability to continue as a going concern as of August 31, 2022.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but 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 control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 controls 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 Project Exploration'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 Project Exploration'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.



KOPCZYK, OSHER, & SCOTT

**PROJECT EXPLORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 207,111
Accounts Receivable	<u>110,580</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 317,691</u></b>

<b>FIXED ASSETS NET</b>	<b><u>\$ 78,843</u></b>
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<b>TOTAL ASSETS</b>	<b><u><u>\$ 396,534</u></u></b>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 23,004
Accrued Expense	<u>8,500</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$ 31,504</u></b>

**NET ASSETS**

<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$ 95,280</b>
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<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>269,750</u></b>
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<b>TOTAL NET ASSETS</b>	<b><u>\$ 365,030</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 396,534</u></u></b>
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The accompanying notes are an integral part of these statements.

**PROJECT EXPLORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Direct Public Support	\$ 545,698	\$ 269,750	\$ 815,448
Government Grants	361,243	0	361,243
Interest	44	0	44
Program Revenue	243,694	0	243,694
In kind Donations	155,536	0	155,536
Net Assets Released from Restrictions	<u>181,666</u>	<u>&lt;181,666&gt;</u>	<u>0</u>
<b>TOTAL REVENUE</b>	<u>\$ 1,487,881</u>	<u>\$ 88,084</u>	<u>\$ 1,575,965</u>
<b>OPERATING EXPENSES</b>			
Program Services	\$ 902,200	\$ 0	\$ 902,200
Management and General	472,575	0	472,575
Fundraising	<u>65,010</u>	<u>0</u>	<u>65,010</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 1,439,785</u>	<u>\$ 0</u>	<u>\$ 1,439,785</u>
<b>CHANGE IN NET ASSETS</b>	\$ 48,096	\$ 88,084	\$ 136,180
<b>BEGINNING OF YEAR</b>	<u>47,184</u>	<u>181,666</u>	<u>228,850</u>
<b>END OF YEAR</b>	<u>\$ 95,280</u>	<u>\$ 269,750</u>	<u>\$ 365,030</u>

The accompanying notes are an integral part of these statements.

**PROJECT EXPLORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Grand Total</u>
Compensation and Benefits	\$ 309,918	\$ 229,569	\$ 34,436	\$ 573,923
Contractual Services	194,908	0	0	194,908
Travel and Meals	55,669	1,605	1,541	58,815
Occupancy – Rent – In Kind	8,000	1,000	1,000	10,000
Program Supplies and Equipment	155,664	56	0	155,720
Honorariums	64,549	0	0	64,549
Audit and Accounting Fees	0	34,202	0	34,202
Printing, Promotion, and Photography	4,667	0	3,910	8,577
Telephone	307	590	0	897
Insurance	121	30,370	0	30,491
Legal Expense – In Kind	21,830	101,875	21,831	145,536
Staff Development	2,546	1,317	0	3,863
Computer / Information Tech	2,754	11,491	13	14,258
Postage and Delivery	12,853	219	182	13,254
Services	18,497	12,332	0	30,829
Events	28,182	186	0	28,368
Depreciation	0	31,882	0	31,882
Office and General Expense	0	11,894	1,046	12,940
Consulting Expense	130	3,000	0	3,130
Evaluation	10,167	0	0	10,167
Program Expenses	<u>11,438</u>	<u>987</u>	<u>1,051</u>	<u>13,476</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 902,200</u></b>	<b><u>\$ 472,575</u></b>	<b><u>\$ 65,010</u></b>	<b><u>\$ 1,439,785</u></b>

The accompanying notes are an integral part of these statements.

**PROJECT EXPLORATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 136,180
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	31,882
Grants Receivables	<61,152>
Accounts Payable	<3,264>
Accrued Expense	<u>8,500</u>
Net Cash Provided by Operating Activities	<u>\$ 112,146</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

PPP Refundable Advance	<u>\$ &lt;241,478&gt;</u>
Net Cash Used by Financing Activities	\$ <241,478>
Net Increase <Decrease> in Cash	<129,332>
Cash Balance – Beginning of Year	<u>336,443</u>
Cash Balance – End of Year	<u><u>\$ 207,111</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**

Adoption of Accounting Pronouncement

Effective September 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Contributions

Contributions received are recorded as support without donor restrictions or support with donor restrictions support depending on the existence of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period as that in which they are received are reported as support without donor 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.

## PROJECT EXPLORATION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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 November 30, 2022, 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.

##### 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, 2022, The Organization has bank accounts whose cash balances exceeded the FDIC insured limit by \$ 0 on August 31, 2022.

##### Liquidity

The Organization has \$317,691 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$207,111, Accounts Receivable of \$110,580. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

##### 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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## 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. There was no unrelated business income nor unrecognized tax benefits for the year ended August 31, 2022. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service. The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended August 31, 2022.

#### NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions are:

Boeing	\$ 200,000
Motorola Solutions	50,000
Kinder Morgan	19,750
Total	<u>\$ 269,750</u>

#### NOTE 4. 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, 2022, the value of donated legal services amounted to \$145,536.

Effective September 1, 2013, the Organization entered into a formal lease agreement with the Board of Education of the City of Chicago. The Organization has estimated that the fair market value of donated rent is \$10,000 per year.

**PROJECT EXPLORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. PAYROLL PROTECTION PROGRAM REFUNDABLE ADVANCE**

On April 30, 2020, the Organization received the first round of the Paycheck Protection Program ("PPP") established by the US Government Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for assistance for qualifying entities to support personnel costs and other immediate needs. Project Exploration received \$110,022 in the form of a loan, administered by the SBA (Small Business Administration). The first loan was forgiven in full on November 22, 2021.

The Organization obtained a second loan under the PPP on February 19, 2021, in the amount of \$131,456. The second loan was forgiven in full on November 5, 2021.