

PROJECT EXPLORATION

**Financial Statements
as of August 31, 2021
Together with Auditor's Report**

PROJECT EXPLORATION

Financial Statements as of August 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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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, 2021 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, 2021, 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

Chicago, Illinois
July 14, 2022

PROJECT EXPLORATION
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 336,443
Grants Receivable	<u>49,428</u>
TOTAL CURRENT ASSETS	<u>\$ 385,871</u>

FIXED ASSETS NET	<u>\$ 110,725</u>
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TOTAL ASSETS	<u><u>\$ 496,596</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	<u>\$ 26,268</u>
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TOTAL CURRENT LIABILITIES	<u>\$ 26,268</u>
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LONG-TERM LIABILITIES

PPP Refundable Advance	<u>\$ 241,478</u>
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TOTAL LONG-TERM LIABILITIES	<u>\$ 241,478</u>
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TOTAL LIABILITIES	<u>\$ 267,746</u>
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NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 47,184
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NET ASSETS WITH DONOR RESTRICTIONS	<u>181,666</u>
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TOTAL NET ASSETS	<u>\$ 228,850</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 496,596</u></u>
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The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Direct Public Support	\$ 600,959	\$ 181,666	\$ 782,625
Government Grants	306,576	0	306,576
Interest	21	0	21
Program Revenue	360,308	0	360,308
In kind Donations	103,884	0	103,884
Net Assets Released from Restrictions	<u>185,000</u>	<u><185,000></u>	<u>0</u>
TOTAL REVENUE	<u>\$ 1,556,748</u>	<u>\$ <3,334></u>	<u>\$ 1,553,414</u>
OPERATING EXPENSES			
Program Services	\$ 1,167,759	\$ 0	\$ 1,167,759
Management and General	294,075	0	294,075
Fundraising	<u>147,428</u>	<u>0</u>	<u>147,428</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,609,262</u>	<u>\$ 0</u>	<u>\$ 1,609,262</u>
CHANGE IN NET ASSETS	\$ <52,514>	\$ <3,334>	\$ <55,848>
BEGINNING OF YEAR	<u>99,698</u>	<u>185,000</u>	<u>284,698</u>
END OF YEAR	<u>\$ 47,184</u>	<u>\$ 181,666</u>	<u>\$ 228,850</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Grand Total</u>
Compensation and Benefits	\$ 433,188	\$ 127,409	\$ 76,444	\$ 637,041
Contractual Services	352,284	0	0	352,284
Travel and Meals	18,950	2,369	2,368	23,687
Occupancy – Rent – In Kind	8,000	1,000	1,000	10,000
Program Supplies and Equipment	108,815	12,802	6,401	128,018
Honorariums	150,730	0	0	150,730
Audit and Accounting Fees	0	14,600	0	14,600
Printing, Promotion, and Photography	18,855	3,142	9,428	31,425
Telephone	0	834	0	834
Insurance	0	14,398	0	14,398
Legal Expense – In Kind	12,943	60,402	12,943	86,288
Staff Development	8,109	1,014	1,014	10,137
Computer / Information Tech	12,987	1,623	1,623	16,233
Postage and Delivery	17,225	2,871	8,613	28,709
Services	6,346	794	794	7,934
Events	1,410	0	26,800	28,210
Depreciation	0	31,881	0	31,881
Office and General Expense	2,104	18,936	0	21,040
Consulting Expense	1,940	0	0	1,940
Program Expenses	<u>13,873</u>	<u>0</u>	<u>0</u>	<u>13,873</u>
TOTAL EXPENSES	<u>\$ 1,167,759</u>	<u>\$ 294,075</u>	<u>\$ 147,428</u>	<u>\$ 1,609,262</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ <55,848>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	31,881
Grants Receivables	140,696
Accounts Payable	<u>18,768</u>
Net Cash Provided by Operating Activities	<u>\$ 135,497</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Addition of Fixed Assets	<u>\$ <7,596></u>
Net Cash Provided <Used > by Investing Activities	<u>\$ <7,596></u>

CASH FLOWS FROM FINANCING ACTIVITIES:

PPP Refundable Advance	<u>\$ 131,457</u>
Net Cash Used by Financing Activities	\$ 131,457
Net Increase<Decrease> in Cash	259,358
Cash Balance – Beginning of Year	<u>77,085</u>
Cash Balance – End of Year	<u><u>\$ 336,443</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 July 14, 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, 2021, The Organization have bank accounts whose cash balances exceeded the FDIC insured limit by \$ 49,669 on August 31, 2021.

Liquidity

The Organization has \$235,871 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$186,443, Grants Receivable of \$ 49,428. None of the financial assets are 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. 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, 2021. 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, 2021.

NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions are:

Boeing	\$ 150,000
Albert Pick Foundation	25,000
Siragusa Family Foundation	<u>6,666</u>
Total	<u>\$ 181,666</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, 2021, the value of donated legal services amounted to \$86,288.

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 1st 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 Organization obtained a second PPP loan under the Paycheck Protection Program on February 19, 2021, in the amount of \$131,456. The Organization did not receive loan forgiveness as of August 31, 2021, and so the amount of the loan remains an outstanding liability on its Statement of Financial Position.

The Organization received full forgiveness of both loans in November 2021.

NOTE 6. SUBSEQUENT EVENTS

The COVID-19 outbreak has caused business disruption and cancellation of events and projects in 2021. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruptions and the impact on the Organization's employees and other stakeholders. The extent to which COVID-19 may impact the Organization's financial condition or results cannot be reasonably estimated at this time.