

MY PROJECT USA
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

| | Page |
|-------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 5 - 6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 - 15 |



BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
MY Project USA
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of **MY Project USA** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial position of **MY Project USA** as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **MY Project USA** 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 opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 **MY Project USA's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' 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 auditors' 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 generally accepted auditing standards 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 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 generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 **MY Project USA'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 **MY Project USA'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 audits.



Columbus, Ohio
February 3, 2025

MY PROJECT USA**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>Restated 2022</u> |
|--|---------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 46,367 | \$ 203,286 |
| Grants receivable | 324,791 | 80,729 |
| Inventories | 58,301 | 109,610 |
| Other current assets | <u>-</u> | <u>2,232</u> |
| Total current assets | 429,459 | 395,857 |
| PROPERTY AND EQUIPMENT, NET | 786,204 | 491,641 |
| OPERATING LEASE RIGHT-OF-USE ASSETS | <u>334,349</u> | <u>257,374</u> |
| | <u>\$ 1,550,012</u> | <u>\$ 1,144,872</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Lines of credit | \$ 38,539 | \$ - |
| Current maturity of long-term note payable | 7,692 | 7,692 |
| Related party payable | 456,400 | - |
| Accounts payable | 99,204 | 33,288 |
| Accrued payroll | 68,004 | 23,255 |
| Current operating lease liabilities | <u>178,540</u> | <u>93,721</u> |
| Total current liabilities | <u>848,379</u> | <u>157,956</u> |
| LONG-TERM LIABILITIES | | |
| Long-term note payable - net of current maturity | 153,733 | 152,698 |
| Long-term operating lease liabilities | <u>162,628</u> | <u>170,062</u> |
| Total long-term liabilities | <u>316,361</u> | <u>322,760</u> |
| Total liabilities | 1,164,740 | 480,716 |
| NET ASSETS | | |
| Without donor restrictions | 385,272 | 607,500 |
| With donor restrictions | <u>-</u> | <u>56,656</u> |
| Total net assets | <u>385,272</u> | <u>664,156</u> |
| | <u>\$ 1,550,012</u> | <u>\$ 1,144,872</u> |

See notes to financial statements.

MY PROJECT USA**STATEMENTS OF ACTIVITIES****YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>Restated 2022</u> |
|--|-------------------|--------------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Public Support and Revenue | | |
| Contributions | \$ 467,418 | \$ 372,634 |
| Contributions of nonfinancial assets | 2,444,481 | 1,372,986 |
| Grants | 1,296,673 | 1,034,754 |
| Programs | 51,943 | 19,094 |
| Thrift store sales | 13,190 | 3,642 |
| Partnership dues | 44,787 | 78,750 |
| Miscellaneous revenue | 5,992 | 19,346 |
| Net assets released from restrictions | <u>56,656</u> | <u>61,500</u> |
| Total public support and revenue | <u>4,381,140</u> | <u>2,962,706</u> |
| Functional Expenses | | |
| Program services | 4,340,773 | 2,542,392 |
| Management and general | 226,447 | 196,120 |
| Fundraising | <u>36,148</u> | <u>29,871</u> |
| Total functional expenses | <u>4,603,368</u> | <u>2,768,383</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (222,228) | 194,323 |
| NET ASSETS WITH DONOR RESTRICTIONS | | |
| Grants | - | 56,656 |
| Net assets released from restrictions | <u>(56,656)</u> | <u>(61,500)</u> |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | (56,656) | (4,844) |
| CHANGE IN NET ASSETS | (278,884) | 189,479 |
| NET ASSETS | | |
| Beginning of year, restated | <u>664,156</u> | <u>474,677</u> |
| End of year | <u>\$ 385,272</u> | <u>\$ 664,156</u> |

See notes to financial statements.

MY PROJECT USA**STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2023**

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Payroll | \$ 690,882 | \$ 53,208 | \$ - | \$ 744,090 |
| Payroll taxes | 66,492 | 10,779 | - | 77,271 |
| Contract labor | 503,567 | 24,061 | - | 527,628 |
| Donated food | 2,444,481 | - | - | 2,444,481 |
| Legal and professional fees | - | 600 | - | 600 |
| Employee training | 5,777 | 250 | - | 6,027 |
| Printing, postage, and supplies | 172,704 | 19,625 | 3,925 | 196,254 |
| Food for programs | 20,898 | 1,742 | 20,899 | 43,539 |
| | | | | |
| Rent | 199,949 | - | - | 199,949 |
| Telephone and computer | 11,830 | 14,459 | - | 26,289 |
| Repair and maintenance | 4,384 | 2,466 | - | 6,850 |
| Utilities | 62,199 | 3,984 | - | 66,183 |
| Campaign | - | 15,785 | - | 15,785 |
| Insurance | - | 11,379 | - | 11,379 |
| Interest | - | 10,728 | - | 10,728 |
| | | | | |
| Programs | 90,440 | - | - | 90,440 |
| Travel for programs | 7,540 | 2,127 | - | 9,667 |
| Dues and subscriptions | 911 | 8,099 | 1,114 | 10,124 |
| Miscellaneous | 10,811 | 39,039 | 10,210 | 60,060 |
| Depreciation | 47,908 | 8,116 | - | 56,024 |
| | <u>\$ 4,340,773</u> | <u>\$ 226,447</u> | <u>\$ 36,148</u> | <u>\$ 4,603,368</u> |

See notes to financial statements.

MY PROJECT USA**STATEMENT OF FUNCTIONAL EXPENSES - RESTATED****YEAR ENDED DECEMBER 31, 2022**

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Payroll | \$ 404,545 | \$ 29,536 | \$ - | \$ 434,081 |
| Payroll taxes | 35,759 | 4,990 | - | 40,749 |
| Contract labor | 308,218 | 65,831 | 4,850 | 378,899 |
| Donated food | 1,324,591 | - | - | 1,324,591 |
| Legal and professional fees | - | 484 | - | 484 |
| Employee training | 4,657 | 176 | - | 4,833 |
| Printing, postage, and supplies | 93,106 | 10,118 | 1,677 | 104,901 |
| Food for programs | 19,885 | 1,643 | 20,232 | 41,760 |
| | | | | |
| Rent | 146,156 | - | 215 | 146,371 |
| Telephone and computer | 23,539 | 28,956 | 23 | 52,518 |
| Repair and maintenance | 5,644 | 3,214 | - | 8,858 |
| Utilities | 45,715 | 3,401 | - | 49,116 |
| Campaign | - | 575 | - | 575 |
| Insurance | - | 10,311 | - | 10,311 |
| Interest | - | 12,922 | - | 12,922 |
| | | | | |
| Programs | 86,636 | 4,753 | 948 | 92,337 |
| Travel for programs | 5,500 | 1,545 | - | 7,045 |
| Dues and subscriptions | 961 | 8,423 | 1,111 | 10,495 |
| Miscellaneous | 886 | 3,093 | 815 | 4,794 |
| Depreciation | 36,594 | 5,609 | - | 42,203 |
| Bad debt | - | 540 | - | 540 |
| | <u>\$ 2,542,392</u> | <u>\$ 196,120</u> | <u>\$ 29,871</u> | <u>\$ 2,768,383</u> |

See notes to financial statements.

MY PROJECT USA**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>Restated 2022</u> |
|---|------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ (278,884) | \$ 189,479 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 56,024 | 42,203 |
| Accrued interest on long-term note payable | 1,035 | 10,490 |
| Amortization of right of use assets | <u>158,707</u> | <u>118,670</u> |
| | (63,118) | 360,842 |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (244,062) | 104,984 |
| Inventories | 51,309 | (48,395) |
| Other current assets | 2,232 | (1,025) |
| Accounts payable | 65,915 | (57,463) |
| Accrued payroll | 44,749 | 19,296 |
| Operating lease liabilities | <u>(158,297)</u> | <u>(112,261)</u> |
| Net Cash Provided (Used) by Operating Activities | (301,272) | 265,978 |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (350,586) | (109,597) |
| FINANCING ACTIVITIES | | |
| Proceeds from related party payable | 456,400 | - |
| Proceeds from line of credit | <u>38,539</u> | <u>-</u> |
| Net Cash Provided by Financing Activities | <u>494,939</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | (156,919) | 156,381 |
| CASH | | |
| Beginning of year | <u>203,286</u> | <u>46,905</u> |
| End of year | <u>\$ 46,367</u> | <u>203,286</u> |

See notes to financial statements.

MY PROJECT USA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies of **MY Project USA** (the "Organization") is presented to assist in understanding the Organization's financial statements.

Nature of Business - **MY Project USA** is a nonprofit organization which helps address the challenges facing youth in the immigrant and refugee communities in America.

Through its mission, the Organization's programs provide opportunities for interaction with the community. Programs such as Youth Development, Food Insecurity, Workforce Development, Youth Development and the Helpline provide volunteer opportunities. In 2023 and 2022, these programs received approximately 12,000 volunteer hours, through the help of 1,500 volunteers. Revenue primarily consists of contributions and grants.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in the general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no net assets required to be maintained in perpetuity at December 31, 2023 and 2022.

Financial 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.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and related expenses are allocated to the various programs services based on actual or estimated time employees spend on each function. Costs are charged to specific program service where they benefit a majority of the programs for the Organization. Depreciable assets are allocated to the program utilizing the asset. Management and Organization expenses that cannot be allocated directly or indirectly to programs are included in management and general expense.

Contributions - Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Grants Receivable - The Organization carries its grants receivable at net realizable value.

Inventories - Inventories primarily consist of donated items and are stated at the lower of cost or fair market value at the time of donation. The items include furniture, appliances and clothing.

Property and Equipment - Property and equipment are stated at cost or the fair market value if donated and are depreciated over the estimated useful life using the straight-line method. The Organization's policy is to capitalize all major expenditures in excess of \$500. Routine maintenance, repairs, and renewals are charged to expense as incurred. Renewals and betterments which substantially increase the life of fixed assets are capitalized. At retirement or sale, the costs of the assets, less related accumulated depreciation, are removed from the accounts and the resulting gains and losses are included in income.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2023 and 2022.

Leases - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification [ASC] 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Organization elected the available practical expedients to account for their existing operating leases as operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$307,017, which represents the present value of the remaining operating lease payments of \$313,400, discounted using the risk free-borrowing rate of 1.26% and a ROU asset of \$307,017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The standard had a material impact on the statement of financial position, but did not have a material impact on the statement of activities, statement of functional expenses, or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Organization leases buildings. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, and current and long-term operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the operating leases do not provide an implicit interest rate, the Organization uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to one of the Company's building leases that became month-to-month upon expiration of the existing lease agreement during 2022. The short-term lease costs recognized and disclosed for this lease in 2022 is \$21,200.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2023 and 2022.

Tax-Exempt Status - The Organization is operated as a nonprofit organization and is tax-exempt under IRS Code Section 501(c)(3). Accordingly, no provision for income tax is presented in these financial statements.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 3, 2025, the date the financial statements were available to be issued.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

MY PROJECT USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets less those unavailable for general expenditure within one year.

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Financial Assets | | |
| Cash | \$ 46,367 | \$ 203,286 |
| Grants receivable | <u>324,791</u> | <u>58,124</u> |
| | 371,158 | 261,410 |
| Less those unavailable for general expenditure within one year due to: | | |
| Donor restricted assets | <u>-</u> | <u>56,656</u> |
| Financial assets available within one year of statement of financial position date for general expenditure | <u>\$ 371,158</u> | <u>\$ 204,754</u> |

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting public support and revenue and by utilizing donor-restricted resources from current and prior years.

NOTE 3 - PROPERTY AND EQUIPMENT

| | <u>2023</u> | Restated <u>2022</u> |
|-------------------------------|-------------------|-------------------------|
| Furniture and equipment | \$ 159,265 | \$ 135,633 |
| Vehicles | 44,795 | 26,795 |
| Leasehold improvements | 485,859 | 360,457 |
| Land | 247,872 | - |
| Construction in progress | <u>-</u> | <u>64,319</u> |
| Total property and equipment | 937,791 | 587,204 |
| Less accumulated depreciation | <u>151,587</u> | <u>95,563</u> |
| | <u>\$ 786,204</u> | <u>\$ 491,641</u> |

Depreciation expense was \$56,024 and \$42,203 for the years 2023 and 2022.

NOTE 4 - RELATED PARTY PAYABLE

The Organization has entered into multiple short-term related party payable agreements throughout the year. The balance of these payables was \$456,400 at December 31, 2023. All agreements are with board members of the Organization and are expected to be paid in the next year.

MY PROJECT USA

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LINES OF CREDIT

The Organization entered into two line of credits with a bank. The first line of credit commencing on October 2023 for \$46,100. Interest is payable monthly at 10.21% at December 31, 2023. The line of credit matures in March 2024. Another commencing on November 2023 for \$7,500. Interest is payable monthly at 8.95% at December 31, 2023. The line of credit matures in April 2024. Outstanding borrowings on the lines of credit were \$38,539 at December 31, 2023. The lines of credit have expired and the Organization is making payments on the outstanding balances.

NOTE 6 - LONG-TERM NOTE PAYABLE

The Organization applied for and received funding through the SBA's Economic Injury Disaster Loan in May 2020, for the amount of \$149,900. These funds are to be repaid by May 2050 with monthly installments of principal and interest of \$641. Repayment was deferred until 2023. This loan accrues interest at 2.75%, with payments first applied to accrued interest.

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| SBA's Economic Injury Disaster Loan, including accrued interest | \$ 161,425 | \$ 160,390 |
| Less current portion | <u>7,692</u> | <u>7,692</u> |
| | <u>\$ 153,733</u> | <u>\$ 152,698</u> |

Minimum principal payments on the long-term note payable to maturity as of December 31, 2023 are as follows:

| | |
|------------|-------------------|
| 2024 | \$ 7,692 |
| 2025 | 3,407 |
| 2026 | 3,502 |
| 2027 | 3,600 |
| 2028 | 3,700 |
| Thereafter | <u>139,524</u> |
| | <u>\$ 161,425</u> |

NOTE 7 - LEASING ACTIVITIES

The Organization has operating leases for its buildings. Several building leases are through a related party. Operating lease expense for these related party leases totaled \$76,500 and \$133,006 for the years 2023 and 2022. These lease agreements expire at various times through 2025. Monthly rent payments on the current lease agreements range between approximately \$2,000 and \$6,500. In March of 2023, a short-term lease was renewed under extended terms. Monthly payments of \$6,668 will be due through February 2026.

MY PROJECT USA**NOTES TO FINANCIAL STATEMENTS****NOTE 7 - LEASING ACTIVITIES - CONTINUED**

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------|
| Weighted Average of Remaining Lease Term | | |
| Operating leases | 1.93 years | 2.69 years |
| Weighted Average Discount Rate | | |
| Operating lease | 1.64% | 2.02% |

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

| | |
|------------------------------------|-------------------|
| 2024 | \$ 182,501 |
| 2025 | 150,379 |
| 2026 | <u>13,336</u> |
| Total lease payments | 346,216 |
| Less interest | <u>(5,048)</u> |
| Present value of lease liabilities | <u>\$ 341,168</u> |

The following provides a breakout of rent expense on the statements of functional expenses for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|-------------------|
| Operating lease expense allocated to functional expenses: | | |
| Operating lease expense | \$ 165,075 | \$ 122,431 |
| Short-term lease expense | - | 21,200 |
| Variable lease expense | <u>34,874</u> | <u>2,740</u> |
| Total operating lease expense | <u>\$ 199,949</u> | <u>\$ 146,371</u> |

The following summarizes cash flow information related to leases for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | \$ 164,666 | \$ 116,022 |
| Lease assets obtained in exchange for lease obligations: | | |
| Operating leases | \$ 235,682 | \$ 69,027 |

MY PROJECT USA

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions at December 31, 2023 and 2022 relate to the following:

| | <u>2023</u> | <u>2022</u> |
|------------------|-------------|------------------|
| Purpose by donor | <u>\$ -</u> | <u>\$ 56,656</u> |

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions are released by incurring expenses that satisfy the intended purpose or the occurrence of events specified by donors.

| | <u>2023</u> | <u>2022</u> |
|-----------------------|------------------|------------------|
| Purpose restrictions: | | |
| Programs | <u>\$ 56,656</u> | <u>\$ 61,500</u> |

NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities included:

| | <u>2023</u> | <u>2022</u> |
|-----------|---------------------|---------------------|
| Food | <u>\$ 2,444,481</u> | <u>\$ 1,324,591</u> |
| Furniture | <u>-</u> | <u>48,395</u> |
| | <u>\$ 2,444,481</u> | <u>\$ 1,372,986</u> |

The Organization recognized contributed nonfinancial assets within revenue, included in the table above. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. There was \$2,444,481 and \$1,372,986 contributed in nonfinancial assets for the year ended December 31, 2023 and 2022.

The contributed food was utilized in program services through emergency food donation to those in need. Food contributions are valued at the total weight in pounds multiplied by the average wholesale value of one pound (\$1.93 and \$1.86 in 2023 and 2022) as determined by Feeding America, which approximates fair value.

Furniture contributions were utilized in program services through emergency donation to those in need and to address other needs of disadvantaged families. The Organization estimated the fair value on the basis of wholesale values that would be received for selling similar products in the United States.

MY PROJECT USA

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - RESTATEMENT

During the current year audit, it was discovered that the Organization had erroneously expensed a fixed asset in the prior year. Consequently, as of December 31, 2022, an asset was reported under management and general functional expenses instead of being appropriately recognized as property and equipment, net. It was also discovered that an asset classified as construction in progress had been completed in 2022, necessitating the recording of depreciation expense for the asset. Additionally, it was identified that a portion of 2022 grant revenue was incorrectly recorded as 2023 grant revenue. The following details the net adjustments made to the previously reported amounts in the statement of financial position and the statement of activities as of December 31, 2022, to correct these misclassifications and ensure accurate financial reporting.

| | 2022 | | |
|--|-------------------------|-----------------------|--------------------|
| | As Previously Stated | Amount as Restated | Adjustments |
| Statement of Financial Position | | | |
| Grant receivable | \$ 58,124 | \$ 80,729 | \$ 22,605 |
| Property and equipment, net | 455,797 | 491,641 | 35,844 |
| Net assets without donor restrictions | 549,051 | 607,500 | 58,449 |
| Statement of Activities | | | |
| Public Support and Revenue | | | |
| Grants | \$ 1,012,149 | \$ 1,034,754 | \$ 22,605 |
| Functional Expenses | | | |
| Management and general | \$ 246,120 | \$ 196,120 | \$ (50,000) |
| Program Services | <u>2,528,236</u> | <u>2,542,392</u> | <u>14,156</u> |
| | <u>\$ 2,774,356</u> | <u>\$ 2,738,512</u> | <u>\$ (35,844)</u> |