

MY PROJECT USA
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

MY PROJECT USA
(A NONPROFIT ORGANIZATION)

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YEAR ENDED DECEMBER 31, 2020

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
My Project USA
Hilliard, Ohio

We have audited the accompanying financial statements of **My Project USA** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flow 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 of 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 misstatement 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.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

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, 2020, 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.

Brady, Ware & Schoenfeld, Inc.

Columbus, Ohio
July 13, 2021

MY PROJECT USA
(A NONPROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$	75,293
Accounts receivable		7,814
Prepaid		2,806
Inventories		46,500
Other current assets		<u>2,697</u>

Total current assets 135,110

PROPERTY AND EQUIPMENT, NET 207,118

\$ 342,228

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturity of long-term note payable	\$	4,487
Accounts payable		44,048
Accrued payroll		<u>2,007</u>

Total current liabilities 50,542

LONG-TERM LIABILITIES

Long-term note payable - net of current maturity		145,413
Other long-term liabilities		<u>6,515</u>

151,928

Total liabilities 202,470

NET ASSETS

Without donor restrictions		47,199
With donor restrictions		<u>92,559</u>

Total net assets 139,758

\$ 342,228

MY PROJECT USA
(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Public Support and Revenue	
Contributions	\$ 280,606
Government grants	159,132
Programs	8,608
Thrift store sales	12,084
Paycheck Protection Program loan forgiveness income	<u>20,017</u>
Total public support and revenue	<u>480,447</u>
Functional Expenses	
Program services	419,571
Management and general	84,486
Fundraising	<u>8,355</u>
Total functional expenses	<u>512,412</u>

OTHER INCOME 34,152

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 2,187

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

 Contributions 92,559

CHANGE IN NET ASSETS 94,746

NET ASSETS

 Beginning of year 45,012

 End of year \$ 139,758

MY PROJECT USA
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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Payroll	\$ 134,180	\$ 3,459	\$ -	\$ 137,639
Payroll taxes	10,491	1,678	-	12,169
Contract labor	696	732	-	1,428
Legal and professional fees	1,796	2,828	-	4,624
Printing, postage, and supplies	20,956	28,228	2,730	51,914
Food	28,027	836	4,804	33,667
Rent	104,707	-	-	104,707
Telephone and computer	113	7,609	821	8,543
Repair and maintenance	3,324	-	-	3,324
Utilities	22,721	1,462	-	24,183
Insurance	2,569	1,852	-	4,421
Interest	-	10	-	10
Programs	40,567	5,117	-	45,684
Travel and Conferences	18,564	359	-	18,923
Dues and subscriptions	15,275	6,397	-	21,672
Miscellaneous	3,251	290	-	3,541
Depreciation	12,334	3,146	-	15,480
Bad-debt	-	20,483	-	20,483
Total functional expenses	<u>\$ 419,571</u>	<u>\$ 84,486</u>	<u>\$ 8,355</u>	<u>\$ 512,412</u>

MY PROJECT USA
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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

OPERATING ACTIVITIES

Change in net assets	\$ 94,746
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,480
Paycheck Protection Program loan forgiveness income	(20,017)
Donated property and equipment	<u>(32,800)</u>
	57,409
Changes in operating assets and liabilities:	
Accounts receivable	39,524
Prepaid	(2,806)
Inventories	14,500
Other current assets	(763)
Accounts payable	(17,519)
Accrued payroll	1,222
Other long-term liabilities	<u>(78,100)</u>
Net Cash Provided by Operating Activities	13,467

INVESTING ACTIVITIES

Purchases of property and equipment	(145,663)
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FINANCING ACTIVITIES

Borrowings on long-term note payable	149,900
Borrowings on Paycheck Protection Program loan	<u>20,017</u>
Net Cash Provided by Financing Activities	<u>169,917</u>

NET INCREASE IN CASH

37,721

CASH

Beginning of year	<u>37,572</u>
End of year	<u>\$ 75,293</u>

NONCASH TRANSACTIONS

Donated property and equipment	<u>\$ 32,800</u>
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MY PROJECT USA

(A NONPROFIT ORGANIZATION)

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.

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, 2020.

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 - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those costs include payroll, telephone and insurance. Telephone costs are allocated based on percentage of revenue by program and insurance is allocated based on salaries.

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.

Donated Materials and Services - Significant services and materials are donated to the Organization by various individuals and companies. Donated materials are recorded at fair market value at the date of donation. Under accounting standards, donated services are recognized as contributions at their fair market value if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

MY PROJECT USA

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable - The Organization provides programs and events to under served and neglected communities under various grants with governmental agencies. Accounts receivable and revenue are recorded in the month the services are provided. See Note 2.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management uses direct write off method. The Organization considers all grant receivable balances to be fully collectible based on historical experience of collections. Therefore, no allowance for doubtful accounts was considered necessary at December 31, 2020.

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, 2020.

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, 2020.

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.

MY PROJECT USA

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recently Issued Accounting Standards Not Yet Adopted - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2022. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 13, 2021, the date the financial statements were available to be issued.

NOTE 2 - REVENUE RECOGNITION

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 replaced most existing revenue recognition guidance in U.S. GAAP and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Topic 606 does not apply to public support received by the Organization or to return on investments.

The Organization adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any changes to the Organization's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustment to net assets or any other statement of financial position accounts as of January 1, 2019, to reflect adoption of the new guidance.

The Organization derives some revenue from reimbursement contracts and thrift store sales of donated items. The contracts are received from various governmental entities in return for services provided by the Organization. Revenue is recognized after the services have been provided in an amount that reflects that consideration the Organization expects to be entitled to in exchange for those services. Incidental items that are immaterial in the context of the contract are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

The Organization's contracts are cancelable at any time by either party. The Organization's standard payment terms are typically due 30 days from invoice date. Payment terms can vary based upon the entity that is paying. Some government agencies have set terms across all service providers in which they specify when payments will be made once requested or billed. In these cases, the Organization does not dictate payment terms. The Organization does not have any significant financing components. There is no variable consideration related to services provided.

Performance Obligations

For performance obligations related to services provided and donated items sold, the benefit of the service or sale is transferred at a point in time. Therefore, no disaggregation of revenues is presented. Revenue is recorded for these services after the service has been provided.

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 - 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.

Financial Assets	
Cash	\$ 75,293
Accounts receivable	<u>7,814</u>
	83,107
Less those unavailable for general expenditure within one year due to:	
Donor restricted assets	<u>92,559</u>
Deficit in financial assets available within one year of statement of financial position date for general expenditure	<u>\$ (9,452)</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 4 - RELATED PARTY TRANSACTIONS

The Organization leases two buildings from a related party. Rent expense paid to the related party was \$26,000 for the year 2020. See Note 8 for more information.

The Organization had related party payables of \$6,385 at December 31, 2020.

NOTE 5 - PROPERTY AND EQUIPMENT

Furniture and equipment	\$ 116,271
Vehicles	26,795
Leasehold improvements	<u>93,889</u>
Total property and equipment	236,955
Less accumulated depreciation	<u>29,837</u>
	<u>\$ 207,118</u>

Depreciation expense was \$15,480 for the year 2020.

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DONATED SERVICES

A large number of unpaid volunteers have donated substantial amounts of time for the events and programs. No amounts have been reflected in the financial statements for these donated services, because the criteria for recognition of such volunteer effort under accounting standards has not been satisfied.

NOTE 7 - 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 principle and interest of \$641. This loan accrues interest at 2.75%.

SBA's Economic Injury Disaster Loan	\$ 149,900
Less current portion	<u>4,487</u>
	<u>\$ 145,413</u>

Minimum principal payments on long-term note payable to maturity as of December 31, 2020 are as follows:

2021	\$ 4,487
2022	7,692
2023	7,692
2024	7,692
2025	7,692
Thereafter	<u>114,645</u>
	<u>\$ 149,900</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received loan proceeds in the amount of \$20,017 under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower meets certain criteria. Any unforgiven portion of the PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Organization recognized \$20,017 of loan forgiveness income for the year ended December 31, 2020 which reflects a full forgiveness of the loan obligation.

MY PROJECT USA
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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASES

The Organization leases three buildings. These lease agreements expire at various times throughout 2025. Monthly rent payments on the current lease agreements range between approximately \$1,100 and \$6,500. Rent expense was \$93,763 for 2020. Future minimum lease payments under non-cancelable operating leases are as follows:

2021	\$	118,020
2022		103,900
2023		67,500
2024		73,500
2025		<u>52,000</u>
	\$	<u>414,920</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions at December 31, 2020 relate to the following:

Purpose and time restrictions by donor	\$	<u>92,559</u>
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NOTE 11 - UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in early 2020, is having a substantial impact on the economy and the normal operations of many businesses. The extent of the future impact of COVID-19 on the Organization's operations, financial performance and financial condition, if any, will depend on certain developments, including the continued availability and distribution of the vaccine and the duration and spread of the outbreak, which at present cannot be determined.