

**PROJECT 440, INC.**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2022**

**PROJECT 440, INC.  
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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Project 440, Inc.  
Philadelphia, Pennsylvania

We have reviewed the accompanying financial statements of Project 440, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Project 440, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Brinker Simpson &amp; Company, LLC". The signature is written in a cursive, flowing style.

Brinker Simpson & Company, LLC  
Media, Pennsylvania  
January 19, 2023

**PROJECT 440, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2022**

**ASSETS**

Cash	\$ 191,945
Pledges Receivable	17,502
Prepaid expenses	<u>1,263</u>
<b>Total Assets</b>	<b><u>\$ 210,710</u></b>

**LIABILITIES AND NET ASSETS**

<b>Net Assets</b>	
Without donor restrictions	\$ 182,210
With donor restrictions	<u>28,500</u>
<b>Total Net Assets</b>	<b><u>210,710</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 210,710</u></b>

See accompanying notes and independent accountant's review report.

**PROJECT 440, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 97,234	\$ 108,500	\$ 205,734
Program income	36,440	-	36,440
Individual contributions	107,219	-	107,219
Interest income	746	-	746
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>80,355</u>	<u>(80,355)</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>321,994</u>	<u>28,145</u>	<u>350,139</u>
<b>Expenses</b>			
Program services	190,259	-	190,259
Management and general	111,097	-	111,097
Fundraising	<u>48,717</u>	<u>-</u>	<u>48,717</u>
<b>Total Expenses</b>	<u>350,073</u>	<u>-</u>	<u>350,073</u>
<b>Change in Net Assets</b>	(28,079)	28,145	66
<b>Net Assets, Beginning</b>	<u>210,289</u>	<u>355</u>	<u>210,644</u>
<b>Net Assets, Ending</b>	<u>\$ 182,210</u>	<u>\$ 28,500</u>	<u>\$ 210,710</u>

See accompanying notes and independent accountant's review report.

**PROJECT 440, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Employee wages	\$ 70,018	\$ 39,814	\$ 27,458	\$ 137,290
Payroll taxes	5,835	3,318	2,288	11,441
Business development	-	-	6,904	6,904
College fair expenses	6,212	-	-	6,212
Contractors	22,018	43,930	-	65,948
Food	93	-	-	93
IFS stipend	1,980	-	-	1,980
Insurance	3,358	2,978	-	6,336
Office expense	10,855	8,141	8,141	27,137
Participation stipend	19,788	-	-	19,788
Postage and copying	1,722	-	2,583	4,305
Professional fees	5,200	11,573	-	16,773
Rent	1,790	1,343	1,343	4,476
Supplies	250	-	-	250
Teaching artists	41,140	-	-	41,140
<b>Total Functional Expenses</b>	<b>\$ 190,259</b>	<b>\$ 111,097</b>	<b>\$ 48,717</b>	<b>\$ 350,073</b>

See accompanying notes and independent accountant's review report.

**PROJECT 440, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2022**

**Cash Flows from Operating Activities**

Change in net assets	\$ 66
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Paycheck Protection Program loan forgiveness	(17,030)
Changes in:	
Pledges receivable	(17,502)
Prepaid expenses	(1,263)
<b>Net Cash Used in Operating Activities</b>	<u>(35,729)</u>
<b>Net Change in Cash</b>	(35,729)
<b>Cash, Beginning of Year</b>	<u>227,674</u>
<b>Cash, End of Year</b>	<u><u>\$ 191,945</u></u>

See accompanying notes and independent accountant's review report.

**PROJECT 440, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2022**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Project 440, Inc. (the Organization) is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity.

**Purpose of the Organization**

The Organization was founded in 2007 by three young Savannah natives after the Savannah Symphony Orchestra disbanded. Originally known as the "Savannah Chamber Players", the founders designed enrichment services and community engagement programs with performances and workshops offered in community centers, retirement communities and public schools.

In 2010, Joseph Conyers, one of the Organization's original founders, moved to Philadelphia, PA and the name "Project 440" was adopted. With a new name and mission, the Organization's focus changed from presenting community engagement concerts to teaching young musicians the importance of service through music while simultaneously teaching them the skills they need to be successful in life beyond high school. The vision for Project 440 is clear: engage student musicians in educational programs that teach them to use music as a tool to create opportunities for themselves and to give back to their communities in the greater Philadelphia area.

The Organization expands beyond musical development and allows students to grow as individuals and members of their community. The Organization's creative youth development programs for high school students teach critical thinking and the 21st-century life skills young musicians need to be successful outside of the practice room and beyond the stage, developing them into entrepreneurial, civic-minded leaders. The Organization's core programs are Doing Good, Instruments for Success, the Youth Advocacy Council, and the College Fair for Musicians. Programs nurture musicianship, enhance creativity, build knowledge, and teach transferable skills that serve students throughout their lives—whatever path they choose.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.



**PROJECT 440, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2022**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Basis of Presentation**

The Organization classifies its resources in accordance with activities or objective specified by grantors and contributors. For financial reporting purposes, resources are classified based on the existence or absence of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and types of transactions affecting each category follow:

Without donor restrictions – Net assets that are not subject donor-imposed restrictions and may be expended for any purpose in performing the Organization’s objectives.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions, including reclassification of the restricted gifts and grants for equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities and Change in Net Assets.

**Use of Estimates**

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Unconditional Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. The Organization had promises to give that are expected to be collected within one year of \$17,502 at August 31, 2022.

**Allocation of Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among certain functions.

**PROJECT 440, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation</u>
Employee wages	Time and effort
Payroll taxes	Time and effort
Contractors	Full time equivalent
Insurance	Time and costs
Office expense	Time and costs
Postage and copying	Time and costs
Professional fees	Full time equivalent
Rent	Time and costs

**Tax Status**

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and applicable state law.

Management evaluates the Organization's tax positions to determine if they meet the minimum thresholds for financial statement recognition of the benefits of uncertain tax positions taken or expected to be taken in filing tax returns. Recognition of tax benefits of an uncertain tax position is required only when the position is "more likely than not" to be sustained assuming examination by taxing authorities. Management has evaluated the Organization's tax positions taken or expected to be taken for all open periods and has concluded that it has no uncertain tax position as of August 31, 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. At August 31, 2022, the Organization's tax returns remain subject to examination for the last three years.

**NOTE 2: AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at August 31, 2022:

Financial Assets at Year End:	
Cash	\$ 191,945
Pledges receivable	17,502
Prepaid expenses	1,263
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	<u>(28,500)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 182,210</u>

The Organization's goal is to generally maintain financial assets to meet a minimum of three to six months of operating expenses.

**PROJECT 440, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2022**

**NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of \$28,500 restricted for the Organization's fiscal year 2023 Doing Good Program.

**NOTE 4: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors, as follows:

Doing Good II Program	\$ 15,000
Doing Good Program	40,000
College Fair	5,000
PMAY Programming 2022	5,000
Administrative Expenses	15,000
Professional development and strategic planning	270
Payroll Related Expenses	85
Total Net Assets Released from Restrictions	<u>\$ 80,355</u>

**NOTE 5: LEASE COMMITMENTS**

The Organization rents its current office space on a month-to-month basis. Rent expense for the year ended August 31, 2022 totaled \$4,476.

**NOTE 6: RETIREMENT PLAN**

The Organization has established a contributory 403(b) retirement plan for all eligible employees. Eligible employees may make contributions to the plan up to the maximum amount as defined in the Internal Revenue Code. The Organization may match 100% of the participating employee's elective contribution, but not to exceed 5% of their compensation. No employees participated in the plan and the Organization did not make any matching contributions for the year ended August 31, 2022.

**NOTE 7: PAYCHECK PROTECTION PROGRAM LOAN**

In May 2021, the Organization obtained a second Paycheck Protection Program loan totaling \$17,030. The loan accrues interest at 1% and matures in May 2023. The loan is eligible for either full or partial forgiveness. The portion of the loan that is used to cover certain qualified expenses as directed by the Small Business Administration rules under the CARES Act over the 24-week period directly following loan disbursement is eligible to be forgiven. The Organization received full forgiveness of the loan on April 18, 2022. Therefore, the Organization recognized the PPP funding as Grants and Contributions revenue on the Statement of Activities and Change in net Assets for the year ended August 31, 2022.

**PROJECT 440, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2022**

**NOTE 8: RISKS AND UNCERTAINTIES**

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally. These economic and market conditions and other effects of the COVID-19 outbreak may continue to cause volatility. The extent of any adverse impact of the COVID-19 outbreak on the Organization’s future operations cannot be predicted at this time.

**NOTE 9: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 19, 2023, the date on which the financial statements were available to be issued.