

PROJECT ACCESS, INC.
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2020

PROJECT ACCESS, INC.

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Independent Auditor's Report

To the Board of Directors
Project Access, Inc.

We have audited the accompanying financial statements of Project Access, Inc., (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2020, 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Access, Inc. 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.

Report on Summarized Comparative Information

We have previously audited Project Access, Inc.'s December 31, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stephens, Reidinger + Beller LLP

Newport Beach, California
March 25, 2021

PROJECT ACCESS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020 with Comparative Totals for 2019

ASSETS

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 2,755,989 | \$ 1,506,296 |
| Accounts receivable | 14,785 | 95,001 |
| Prepaid expenses | 5,359 | 14,830 |
| Total current assets | <u>2,776,133</u> | <u>1,616,127</u> |
| | | |
| Property and equipment, net of accumulated depreciation | 20,504 | 29,714 |
| | | |
| Other assets: | | |
| Investments | 12,911 | 12,097 |
| Refundable security deposits | 12,700 | 13,859 |
| Total other assets | <u>25,611</u> | <u>25,956</u> |
| | | |
| Total assets | <u><u>\$ 2,822,248</u></u> | <u><u>\$ 1,671,797</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|----------------------------|----------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 101,801 | \$ 98,257 |
| Accrued liabilities | 361,056 | 332,657 |
| Deferred revenue | 117,526 | 77,177 |
| Paycheck protection program loan | 841,729 | - |
| Total current liabilities | <u>1,422,112</u> | <u>508,091</u> |
| | | |
| Net assets: | | |
| Without donor restrictions | 1,171,088 | 996,167 |
| With donor restrictions | 229,048 | 167,539 |
| Total net assets | <u>1,400,136</u> | <u>1,163,706</u> |
| | | |
| Total liabilities and net assets | <u><u>\$ 2,822,248</u></u> | <u><u>\$ 1,671,797</u></u> |

The accompanying notes are an integral part of these financial statements.

PROJECT ACCESS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020 with Comparative Totals for 2019

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|---|-------------------------------|----------------------------|---------------|---------------|
| Support and revenue | | | | |
| Program revenue: | | | | |
| Contributions | \$ 308,593 | \$ 1,695,979 | \$ 2,004,572 | \$ 367,255 |
| Grants | 10,000 | 448,250 | 458,250 | 331,700 |
| Contract revenue | 5,763 | - | 5,763 | 83,184 |
| Program service fees | 6,203,414 | - | 6,203,414 | 5,236,296 |
| Total public support | 6,527,770 | 2,144,229 | 8,671,999 | 6,018,435 |
| Operating support and other revenue: | | | | |
| In-kind contributions | 4,698,439 | - | 4,698,439 | 3,116,943 |
| Special events, net of direct expenses of \$40,730 and \$218,004, respectively | 290,021 | - | 290,021 | 270,753 |
| Interest and other income | 19,241 | - | 19,241 | 8,066 |
| Net assets released from restrictions | 2,082,720 | (2,082,720) | - | - |
| Total revenue and support | 13,618,191 | 61,509 | 13,679,700 | 9,414,197 |
| Expenses | | | | |
| Program services | 11,860,638 | - | 11,860,638 | 8,018,340 |
| Support services: | | | | |
| Management and general | 734,052 | - | 734,052 | 560,731 |
| Fundraising | 839,370 | - | 839,370 | 815,468 |
| Total operating expenses before depreciation | 13,434,060 | - | 13,434,060 | 9,394,539 |
| Depreciation expense | 9,210 | - | 9,210 | 10,558 |
| Total operating expenses | 13,443,270 | - | 13,443,270 | 9,405,097 |
| Increase in net assets | 174,921 | 61,509 | 236,430 | 9,100 |
| Beginning net assets | 996,167 | 167,539 | 1,163,706 | 1,154,606 |
| Ending net assets | \$ 1,171,088 | \$ 229,048 | \$ 1,400,136 | \$ 1,163,706 |

The accompanying notes are an integral part of these financial statements.

PROJECT ACCESS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020 with Comparative Totals for 2019

| | Program Services | Management & General | Fundraising | 2020 Total | 2019 Total |
|--|-----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|
| Administrative expenses | \$ 185,452 | \$ 8,855 | \$ 6,560 | \$ 200,867 | \$ 146,102 |
| Salaries & related expenses | 4,679,983 | 590,722 | 632,916 | 5,903,621 | 4,972,563 |
| Marketing | 554 | - | 45,117 | 45,671 | 27,557 |
| Staff & volunteer expenses | 93,334 | 3,772 | 2,979 | 100,085 | 105,013 |
| Contract services expenses | 39,435 | - | 132,000 | 171,435 | 131,720 |
| Facilities expenses | 187,432 | 9,842 | 145 | 197,419 | 119,255 |
| Site programs/services | 330,635 | - | - | 330,635 | 375,304 |
| Insurance & business expenses | 27,061 | 773 | - | 27,834 | 30,990 |
| Partnership development | 14,226 | 149 | 865 | 15,240 | 4,065 |
| Covid hardship support and expenses | 1,521,245 | 826 | - | 1,522,071 | - |
| Occupancy expenses | 35,628 | 99,758 | 7,126 | 142,512 | 138,662 |
| Professional fees | 785 | 16,946 | - | 17,731 | 47,784 |
| Travel expenses | 58,364 | 1,780 | 356 | 60,500 | 178,581 |
| In-kind expenses | 4,686,504 | 629 | 11,306 | 4,698,439 | 3,116,943 |
| Total operating expenses before depreciation | <u>11,860,638</u> | <u>734,052</u> | <u>839,370</u> | <u>13,434,060</u> | <u>9,394,539</u> |
| Depreciation | <u>7,368</u> | <u>921</u> | <u>921</u> | <u>9,210</u> | <u>10,558</u> |
| Total operating expenses | <u><u>\$ 11,868,006</u></u> | <u><u>\$ 734,973</u></u> | <u><u>\$ 840,291</u></u> | <u><u>\$ 13,443,270</u></u> | <u><u>\$ 9,405,097</u></u> |

The accompanying notes are an integral part of these financial statements.

PROJECT ACCESS, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 236,430 | \$ 9,100 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 9,210 | 10,558 |
| Decrease (increase) in operating assets | | |
| Accounts receivable | 80,216 | 34,972 |
| Refundable security deposits | 1,159 | - |
| Prepaid expenses | 9,471 | (14,830) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | 3,544 | 24,366 |
| Accrued liabilities | 28,399 | 28,766 |
| Deferred revenue | 40,349 | 77,177 |
| Total adjustments | <u>172,348</u> | <u>161,009</u> |
| Net cash provided by operating activities | 408,778 | 170,109 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | - | (32,542) |
| Purchase of investments | (814) | (1,617) |
| Net cash (used) by investing activities | (814) | (34,159) |
| Cash flows from financing activities: | | |
| Proceeds from paycheck protection program loan | <u>841,729</u> | <u>-</u> |
| Net cash provided by financing activities | <u>841,729</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 1,249,693 | 135,950 |
| Cash and cash equivalents at beginning of year | <u>1,506,296</u> | <u>1,370,346</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 2,755,989</u></u> | <u><u>\$ 1,506,296</u></u> |

The accompanying notes are an integral part of these financial statements.

PROJECT ACCESS, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: ORGANIZATION AND NATURE OF SERVICES

Project Access, Inc. (the Organization) is a non-profit benefit corporation formed in 1999 for charitable and educational purposes.

The Organization works in concert with the public sector and property owners to establish and operate resource centers serving low-income residents in communities in California, Arizona, Georgia, Texas, North Carolina, Maryland, Colorado, Illinois, Florida, Nevada, Tennessee, South Carolina and Utah. Project Access opened 12 new centers and closed the equivalent of 10 centers in 2020, ending the year with a total of 79 centers. At these centers, the Organization services low and very-low income families and seniors by providing free, on-site programs in education, health and other areas, including, as appropriate, after-school enrichment activities, homework assistance and academic tutoring, education in English as a Second Language, job skills and computer training, education in prenatal care, child development and parenting skills, nutrition, and access to healthcare screenings and medical insurance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Organization.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization has adopted ASU 2014-09 as amended which management has concluded did not change the way the Organization recognizes revenue in the current year or in the prior year on a retrospective basis.

Since the Organization's contract with various property owners have performance obligations that are considered satisfied over time (property owners simultaneously receive and consume the benefits provided monthly), such revenue continues to be recognized as services are provided. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. The Organization will be required to adopt ASU 2016-02 effective for the calendar year ending December 31, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that ASU 2016-02 will have on the Organization's financial statements and related disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for Not-for-Profit entities, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods ending December 31, 2022. Early adoption is permitted.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or nonexistence of restrictions on use that are placed by its donors. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organization's operations. The only limits on the use of these net assets, if any, are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a specified purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with donor's restrictions.

The Organization's unspent contributions are included in this class if the donor has limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. All expenses are reported as decreases in net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain 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. Management believes that the estimates are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Organization maintains its cash with commercial banks, which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000.

Management believes all cash funds are maintained in high quality financial institutions, which limit its risk. As of December 31, 2020 and 2019, the Organization has not incurred losses related to carrying cash balances in excess of the FDIC insurance limit.

Allowance for Doubtful Accounts

The Organization uses the allowance method to determine uncollectible receivables. Based on prior years' experience and an analysis of account balances at December 31, 2020, management believes that all receivables are collectible and therefore no allowance for doubtful accounts has been made.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Organization records purchased property and equipment at cost. Donated property is capitalized at its estimated fair market value at the time of donation. Property and equipment is depreciated on the straight-line basis over a five-year period. Repairs and maintenance are expensed as incurred.

Income Taxes

The Organization is exempt from Federal and California income tax under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701 of the California Revenue and Taxation Code, respectively.

Therefore, no provision for income taxes has been included in the accompanying financial statements.

Accrued Liabilities

Accumulated unpaid employee vacation benefits and other compensation obligations are accrued as liabilities of the Organization at the time incurred. Accrued liabilities consist of the following at December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Accrued payroll liabilities | \$ 89,339 | \$ 163,040 |
| Accumulated unpaid employee vacation benefits | 271,717 | 169,617 |
| | <u>\$ 361,056</u> | <u>\$ 332,657</u> |

Deferred Revenue

Funds received in advance of services or activities to be performed in future periods are recorded as deferred revenue in the accompanying Statement of Financial Position. Revenues relating to such advance payments are recognized as the required services or activities are performed and related exchange transaction is completed. At December 31, 2020 and 2019 deferred revenue was \$117,526 and \$77,177, respectively.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization operates resource centers serving low-income residents in communities in California, Arizona, Georgia, Texas, North Carolina, Maryland, Colorado, Illinois, Florida, Nevada, Tennessee, South Carolina and Utah. The Organization receives fees from the property owners based on an annually negotiated rate. Fees are recognized when services are rendered.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contribution is restricted by the donor. Amounts received that are restricted by the donor for a specified purpose or to be used in future periods are reported as increases to net assets with donor restrictions.

Donated Materials, Facilities and Services

When donated materials are received they are included in the accompanying financial statements where estimates of market value are available to measure the value of such materials. Contributed facilities are reported as in-kind contributions and expenses based upon the estimated usage value of the premises. Donated services are recognized when a non-financial asset is created or specialized skills are required and the Organization would otherwise need to purchase the services.

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method that is consistently applied as follows:

- The Full Time Equivalent (FTE) method is used to allocate salaries and employee related expenses, general supplies, telephone, printing and postage and other administrative expenses.

Management and general expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising expenses are expensed as incurred and are charged to the respective fundraising cost center. When the Organization incurs shared costs that are both fundraising and management and general, the costs are allocated based on the methods described above.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were \$40,315 and \$25,032, respectively.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|------------------|------------------|
| Furniture and Fixtures | \$ 2,546 | \$ 3,387 |
| Computer Equipment | 43,507 | 49,407 |
| | <u>46,053</u> | <u>52,794</u> |
| Less accumulated depreciation | (25,549) | (23,080) |
| Property and equipment, net | <u>\$ 20,504</u> | <u>\$ 29,714</u> |

Depreciation expense for the years ended December 31, 2020 and 2019 was \$9,210 and \$10,558, respectively.

NOTE 4: PROGRAM SERVICE FEES BILLED TO PROPERTY OWNERS

Where the Organization operates resource centers, a fee for service is collected from property owners on a monthly basis based on an annually negotiated rate. In exchange, the Organization operates the resource centers, purchases supplies, conducts field trips, provides after-school tutoring sessions, and offers various programs related to health, nutrition and financial literacy. The Organization also develops and distributes newsletters to residents, conducts computer education classes, provides community activities, and incurs other administrative expenses related to services provided. For the years ended December 31, 2020 and 2019 the fees recognized from owners amounted to \$6,203,414 and \$5,236,296, respectively.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 5: FUNDRAISING OF SPECIAL EVENTS

The Organization holds fundraising activities and special events in order to assist in program operations. All revenues received from such events in excess of expenses are used for current program operations. Direct fundraising expenses incurred in connection with these events for the years ended December 31, 2020 and 2019 were \$40,730 and \$218,004, respectively.

NOTE 6: RETIREMENT PLAN

The Organization has established a voluntary defined contribution 401(k) retirement plan available for all eligible employees under which it matches participant salary deferrals up to 4% of the employee's salary. Approximately 60% of the Organization's employees have elected to participate in the Plan. During the years ended December 31, 2020 and 2019, the Organization contributed \$114,645 and \$80,204 to the plan, respectively.

NOTE 7: LIQUIDITY AND AVAILABILITY

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2020, which are available for general expenditures are as follows:

| | |
|--|----------------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 2,755,989 |
| Accounts receivable | 14,785 |
| Investments | <u>12,911</u> |
| Total financial assets | 2,783,685 |
| Less financial assets held to meet donor-imposed restrictions: | |
| Donor-restricted net assets | (229,048) |
| Less board designated financial assets: | |
| Investments | <u>(12,911)</u> |
| Amount available for general expenditures within one year | <u><u>\$ 2,541,726</u></u> |

Based on the table above, the Organization has \$2,541,726 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization receives approximately \$520,000 monthly in program service fees as well as contribution and grant revenue to help offset operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The investment is excluded from financials assets available within one year as the Organization intends to maintain it as a long-term resource, however, the investment may be liquidated if needed.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 8: COMMITMENTS AND CONTINGENCIES

Leased Facilities

The Organization leases a corporate office in Orange, California. The corporate office is leased as a five-year non-cancelable operating lease, which expires September 2022. The approximate annual rentals are set forth below. The combined, total base rent for the years ended December 31, 2020 and 2019 was \$143,000 and \$138,000 respectively.

The future minimum rental commitments under the non-cancelable operating lease as of December 31, 2020 are as follows:

| Year ending December 31: | |
|--------------------------|-------------------|
| 2021 | 145,551 |
| 2022 | <u>112,406</u> |
| | <u>\$ 257,957</u> |

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following and were restricted for the following purposes:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| 2020 Census | \$ - | \$ 16,500 |
| After school tutoring and enrichment programs | 22,500 | 20,500 |
| Covid hardship support | 17,500 | - |
| Education for Youth | - | 21,750 |
| Health and Wellness | 24,183 | 18,363 |
| Juntos Program | 80,590 | 72,926 |
| NEF Preservation Fund | 36,775 | - |
| Pathways out of Poverty | <u>47,500</u> | <u>17,500</u> |
| | <u>\$ 229,048</u> | <u>\$ 167,539</u> |

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS (continued)

During the year ending December 31, 2020 and 2019, net assets were released from donor restrictions for the following specified purposes:

| | 2020 | 2019 |
|---|---------------------|-------------------|
| 2020 Census | \$ 40,000 | \$ - |
| Adopt-A-Resource Center | 25,000 | 21,500 |
| After school tutoring and enrichment programs | 44,500 | 104,150 |
| Bridge Cares Contribution | 1,493,421 | - |
| Campaigns | 135,404 | 95,850 |
| Covid hardship support | 162,154 | - |
| Education for Youth | 41,750 | 42,500 |
| Financial Educational Programs | - | 11,000 |
| Health and Wellness | 39,930 | 80,546 |
| Juntos Program | 67,336 | 87,851 |
| NEF Preservation Fund | 13,225 | 28,301 |
| Pathways to Prosperity | 17,500 | 70,000 |
| Miscellaneous contributions | 2,500 | 3,545 |
| | <u>\$ 2,082,720</u> | <u>\$ 545,243</u> |

NOTE 10: PAYCHECK PROTECTION PROGRAM LOAN

On May 14, 2020, the Organization was granted a “loan” from Bank of America for \$841,729, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020 in response to the coronavirus pandemic (see Note 12). Under the CARES Act, the PPP funds are intended to allow businesses to cover eligible expenses including payroll, benefits, rents, and utilities within a specified time period. The loan and accrued interest are eligible to be forgiven provided the Organization uses the loan proceeds on eligible expenses within the time period required under the program.

The unforgiven portion of the loan matures on May 14, 2022 and bears interest at the rate of 1% per annum. The balance of the PPP loan as of December 31, 2020 is \$841,729 which is included in current liabilities in the accompanying statement of financial position.

Subsequent to December 31, 2020 the loan was paid in full by the Small Business Administration and the Organization has no further obligation to the bank under the terms of the loan (refer to note 13).

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 11: RELATED PARTY TRANSACTION

In-Kind Contributions

During the years ended December 31, 2020 and 2019, the property owners of various centers operated by the Organization made in-kind contributions in the amount of \$1,689,564 and \$1,542,809, respectively.

Program Service Fees

During the years ended December 31, 2020 and 2019, the Organization received program service fees from affiliated entities in the amount of \$5,310,016 and \$4,035,999, respectively. For the years ended December 31, 2020 and 2019, the Organization has several contracts with one affiliate that accounts for 25% and 22% of total revenues, respectively, and 64% and 52% of total program service fees, respectively.

Contributions

During the years ended December 31, 2020 and 2019 the Organization received contributions from affiliated non-profit entities and members of the Board of Directors in the amount of \$1,565,135 and \$359,525, respectively.

NOTE 12: RISKS AND UNCERTANTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and worldwide. The coronavirus outbreak resulted in federal, state and local governments and private entities mandating various restrictions, including travel, in public gatherings, stay at home orders and quarantining of people who may have been exposed to the virus. In response to the pandemic and the various restrictions, Project Access, Inc. has adjusted its operations to protect its employees and program participants from the virus while effectively providing services via virtual platforms when possible. As management continues to evaluate the impact that this global pandemic will have on future operations, management believes that Project Access, Inc. can continue operations and receive funding from property owners.

PROJECT ACCESS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2021, the date which the financial statements were available for issue, and no events occurred that required adjustments to the accompanying financial statements. As discussed in Note 10 to the financial statements, the paycheck protection program loan was paid in full in January 2021. Since the loan was a legal obligation of the Organization at December 31, 2020 it is reported as a current liability on the accompanying statement of financial position. The amount forgiven will be reported as other income in the 2021 financial statements in accordance with generally accepted accounting principles.