

**PROJECT ACCESS, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**PROJECT ACCESS, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Project Access, Inc.

### ***Opinion***

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Project Access, Inc. as of December 31, 2022, 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.

### ***Basis for Opinion***

We conducted our audit 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 Project Access, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, and for 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.

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 Project Access, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, including omissions, 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 audit.
- 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 Project Access, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project Access, Inc.'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 audit.

### ***Report on Summarized Comparative Information***

The summarized comparative information presented in the accompanying financial statements has been derived from the financial statements of Project Access, Inc. as of December 31, 2021, and for the year then ended, that were audited by other auditors, whose report dated April 12, 2022 expressed an unqualified opinion on those financial statements.



HASKELL & WHITE LLP

Irvine, California  
May 2, 2023

**PROJECT ACCESS, INC.**

**Statement of Financial Position**

**As of December 31, 2022**

*(With Summarized Financial Information as of December 31, 2021)*

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,722,600	\$ 1,535,722
Investments in marketable securities	1,178,368	996,704
Accounts receivable	146,577	166,239
Prepaid expenses	<u>55,955</u>	<u>170,617</u>
Total current assets	<u>3,103,500</u>	<u>2,869,282</u>
<b>Other assets:</b>		
Property and equipment, net	64,286	64,708
Right-of-use asset	892,377	-
Other investments	24,035	14,850
Office lease deposit	<u>17,629</u>	<u>12,700</u>
Total assets	<u>\$ 4,101,827</u>	<u>\$ 2,961,540</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 83,390	\$ 6,112
Accrued liabilities	462,567	398,679
Deferred revenue	161,012	117,728
Operating lease liability (current portion)	<u>128,838</u>	<u>-</u>
Total current liabilities	<u>835,807</u>	<u>522,519</u>
<b>Operating lease liability (non-current portion)</b>	<u>816,830</u>	<u>-</u>
Total liabilities	<u>1,652,637</u>	<u>522,519</u>
<b>Commitments and contingences (Note 9)</b>		
<b>Net assets:</b>		
Without donor restrictions	2,233,885	2,227,206
With donor restrictions	<u>215,305</u>	<u>211,815</u>
Total net assets	<u>2,449,190</u>	<u>2,439,021</u>
Total liabilities and net assets	<u>\$ 4,101,827</u>	<u>\$ 2,961,540</u>

See accompanying notes to financial statements and independent auditors' report.

**PROJECT ACCESS, INC.**

**Statement of Activities  
For the Year Ended December 31, 2022**

*(With Summarized Financial Information for the year ended December 31, 2021)*

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Support and revenue</b>				
Program revenue:				
Contributions	\$ 548,642	\$ -	\$ 548,642	\$ 1,837,282
Grants	-	463,550	463,550	363,985
Program service fees	8,861,181	-	8,861,181	7,324,035
Paycheck protection program contribution	-	-	-	841,729
Total public support	9,409,823	463,550	9,873,373	10,367,031
Operating support and other revenue:				
In-kind contributions	3,643,142	-	3,643,142	4,046,291
Fundraising and special events, net of direct expenses of \$251,226 and \$215,012, respectively	394,720	-	394,720	411,494
Investment and other (loss) income, net	(24,779)	-	(24,779)	24,547
Net assets released from restrictions	460,060	(460,060)	-	-
Total revenue and support	13,882,966	3,490	13,886,456	14,849,363
<b>Expenses</b>				
Program services:	11,928,387	-	11,928,387	11,957,515
Supporting activities:				
Management and general	980,213	-	980,213	795,892
Fundraising	943,047	-	943,047	1,037,275
Total operating expenses before depreciation and amortization	13,851,647	-	13,851,647	13,790,682
Depreciation and amortization expense	24,640	-	24,640	19,796
Total operating expenses	13,876,287	-	13,876,287	13,810,478
Change in net assets	6,679	3,490	10,169	1,038,885
Beginning net assets	2,227,206	211,815	2,439,021	1,400,136
Ending net assets	\$ 2,233,885	\$ 215,305	\$ 2,449,190	\$ 2,439,021

See accompanying notes to financial statements and independent auditors' report.

**PROJECT ACCESS, INC.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2022**

*(With Summarized Financial Information for the year ended December 31, 2021)*

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Administrative expenses	\$ 137,561	\$ 2,328	\$ 7,579	\$ 147,468	\$ 207,913
Salaries and related expenses	6,179,963	745,409	745,409	7,670,781	6,436,810
Marketing	449	-	86,324	86,773	81,196
Staff and volunteer expenses	105,240	4,605	2,919	112,764	140,518
Contract services expenses	-	-	-	-	142,971
Facilities expenses	27,796	4,391	-	32,187	418,653
Site programs/services	710,643	-	-	710,643	588,060
Insurance and business expenses	37,904	14,163	447	52,514	48,290
Partnership development	5,312	793	1,013	7,118	15,269
Covid hardship support and expenses	-	-	-	-	1,334,394
Occupancy expenses	42,846	119,969	8,569	171,384	145,551
Professional fees	308,424	66,085	-	374,509	89,106
Technology	511,572	13,788	3,447	528,807	-
Travel expenses	309,021	3,629	907	313,557	95,660
In-kind expenses	<u>3,551,656</u>	<u>5,053</u>	<u>86,433</u>	<u>3,643,142</u>	<u>4,046,291</u>
 Total operating expenses before depreciation and amortization	 11,928,387	 980,213	 943,047	 13,851,647	 13,790,682
 Depreciation and amortization expense	 <u>19,712</u>	 <u>2,464</u>	 <u>2,464</u>	 <u>24,640</u>	 <u>19,796</u>
 Total operating expenses	 <u>\$ 11,948,099</u>	 <u>\$ 982,677</u>	 <u>\$ 945,511</u>	 <u>\$ 13,876,287</u>	 <u>\$ 13,810,478</u>

See accompanying notes to financial statements and independent auditors' report.

**PROJECT ACCESS, INC.**

**Statement of Cash Flows  
For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets:	\$ 10,169	\$ 1,038,885
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	24,640	19,796
Amortization of right-of-use asset	152,394	-
Unrealized and realized losses on investments	62,528	13,760
Changes in operating assets and liabilities:		
Accounts receivable	19,662	(151,454)
Prepaid expenses	114,662	(165,258)
Office lease deposit	(4,929)	-
Accounts payable	77,278	(95,689)
Accrued liabilities	63,888	37,623
Deferred revenue	43,284	202
Lease liabilities	(99,103)	-
Paycheck protection program contribution	-	(841,729)
	<u>464,473</u>	<u>(143,864)</u>
Net cash provided by (used in) operating activities		
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	656,139	70,000
Software development costs	-	(64,000)
Purchase of property and equipment	(24,218)	-
Purchase of investments	(909,516)	(1,082,403)
	<u>(277,595)</u>	<u>(1,076,403)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	186,878	(1,220,267)
Cash and cash equivalents at beginning of year	<u>1,535,722</u>	<u>2,755,989</u>
Cash and cash equivalents at end of year	<u>\$ 1,722,600</u>	<u>\$ 1,535,722</u>

See accompanying notes to financial statements and independent auditors' report.



**PROJECT ACCESS, INC.**

**Notes to Financial Statements  
December 31, 2022**

**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, Utah, Missouri, and Washington. Project Access opened 17 new centers and closed the equivalent of 4 centers in 2022, ending the year with a total of 98 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).

**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.

**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 GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

# PROJECT ACCESS, INC.

## Notes to Financial Statements (continued) December 31, 2022

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Prior Year Expense Reclassifications**

Certain expense reclassifications were made in the accompanying 2022 Statement of Functional Expenses to align with the Organization's internal management reporting. Technology expenses are aggregated and reported on a separate line item in 2022 and current year grant writing expenses are reported as professional fees (contract services expenses in 2021).

#### **Net Assets**

The financial statements report net assets, revenue and expenses, 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. Board-designated funds are classified as without donor restrictions.

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 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. 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.

#### **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.

**PROJECT ACCESS, INC.**

**Notes to Financial Statements (continued)  
December 31, 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents (continued)**

Management believes all cash funds are maintained in high quality financial institutions, which limits credit risk. As of December 31, 2022 and 2021, the Organization has not incurred losses related to carrying cash balances in excess of the FDIC insurance limit.

**Investment Valuation and Income Recognition**

Investments are reported at fair value in the statement of financial position, and changes in fair value are reported as a component of investment return in the statement of activities. Investment-related fees are presented net of investment returns. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the first in first out cost basis and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**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, 2022, management believes that all receivables are collectible and therefore no allowance for doubtful accounts has been made.

**Property and Equipment**

The Organization records purchased property and equipment at cost. Donated property is capitalized at its estimated fair value at the time of donation. Property and equipment are depreciated on the straight-line basis over a five-year period. Software development costs for internal use are capitalized and amortized over the estimated useful life of five years. Repairs and maintenance are expensed as incurred.

Upon disposal, the related property and equipment accounts are reduced by their respective costs and accumulated depreciation and a related gain or loss is recognized. Property and equipment are reviewed for impairment wherever management determines that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**Income Taxes**

The Organization is exempt from Federal and California income tax under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code, respectively. Therefore, no provision for income taxes has been included in the accompanying financial statements. Management regularly evaluates potential tax exposures that may result from unrelated business income and activities that may jeopardize the Organization's tax-exempt status.

# PROJECT ACCESS, INC.

## Notes to Financial Statements (continued) December 31, 2022

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Revenue Recognition and Deferred Revenue**

The Organization performs an analysis of each contract to determine whether to apply the exchange transaction accounting guidance or the contributions accounting guidance (see below) depending on whether the transaction is reciprocal or nonreciprocal in nature. This process requires significant management judgment.

The Financial Accounting Standards Board (“FASB”) created Topic 606, *Revenue from Contracts with Customers*, to establish a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Management has identified Program Service Fees as exchange transactions that are reciprocal in nature. The Organization operates resource centers serving low-income residents in communities in various states. The Organization receives fees from the property owners based on an annually negotiated rate. Fees are recognized over time, as contracted services are rendered.

Funds received in advance of services or activities performed are recorded as deferred revenue and are recognized as the required services or activities are performed. At December 31, 2022 and 2021, deferred revenue was \$161,012 and \$117,728, respectively.

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 received. Discount amortization is reported as contributions.

Conditional contributions contain both (i) a barrier and (ii) a refund or release right to the resource provider and are not recognized until related conditions are substantially met.

## PROJECT ACCESS, INC.

### Notes to Financial Statements (continued) December 31, 2022

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **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 fair 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 accompanying 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 applicable to multiple functions have been allocated among the functions that benefited using a reasonable allocation method that is consistently applied. Salaried employee wages and related expenses are allocated based on a weighted average of time spent. Other costs, including marketing, volunteer, consulting, facilities, professional, and travel expenses have been allocated among various functions based on estimates of time and effort.

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, when applicable, 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.

##### **Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2022 and 2021 were \$29,103 and \$22,766, respectively.

##### **Recent Accounting Pronouncements Adopted**

The FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), and related amendments thereto, that require an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

## PROJECT ACCESS, INC.

### Notes to Financial Statements (continued) December 31, 2022

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Recent Accounting Pronouncements Adopted (continued)**

The Organization adopted ASU 2016-02 on January 1, 2022, and using an incremental borrowing rate of 1.35%, the Organization recorded a right-of-use asset and a corresponding lease liability of \$1,044,771. The Organization uses a practical expedient which allows a lessee to use a risk-free rate for a period comparable to the lease term. See Note 9 for more information about the Organization's leases.

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*, which requires a non-for-profit entity to present contributed nonfinancial assets in the statement of activities and changes in net assets as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance was effective January 1, 2022. See Note 11 for more information about contributed nonfinancial assets.

#### **NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities can be accessed at measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Investments in marketable securities:* Consist of open-end mutual funds that are registered with the Securities and Exchange Commission consisting primarily of a variety of intermediate and short term income producing bond funds. Mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their net asset value (NAV) and to transact at that price.

**PROJECT ACCESS, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

*Other investments:* Consist of board-designated funds that are invested in a diversified long-term investment pool with the Orange County Community Foundation.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2022 and 2021, are as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Investments in marketable securities	\$ 1,178,368	\$ -	\$ -	\$ 1,178,368
Other investments	-	24,035	-	24,035
Total investments at fair value	\$ 1,178,368	\$ 24,035	\$ -	\$ 1,202,403
	2021			
	Level 1	Level 2	Level 3	Total
Investments in marketable securities	\$ 996,704	\$ -	\$ -	\$ 996,704
Other investments	-	14,850	-	14,850
Total investments at fair value	\$ 996,704	\$ 14,850	\$ -	\$ 1,011,554

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classifications as follows:

	2022	2021
Furniture and fixtures	\$ 2,546	\$ 2,546
Computer equipment	56,656	32,437
Software development costs	64,000	64,000
	123,202	98,983
Less accumulated depreciation and amortization	(58,916)	(34,275)
Property and equipment, net	\$ 64,286	\$ 64,708

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 were \$24,640 and \$19,796, respectively.

# PROJECT ACCESS, INC.

## Notes to Financial Statements (continued) December 31, 2022

### **NOTE 5: FUNDRAISING AND SPECIAL EVENTS**

The Organization holds fundraising activities and special events in order to assist in the funding of 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, 2022 and 2021 were \$251,226 and \$215,012, respectively.

### **NOTE 6: 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, 2022 and 2021, the fees recognized from owners amounted to \$8,861,181 and \$7,324,035, respectively.

### **NOTE 7: RETIREMENT PLAN**

The Organization has established a voluntary defined contribution 401(k) plan available for all eligible employees under which it matches participant salary deferrals up to 4% of the employee's salary. Approximately 47% of the Organization's eligible employees have elected to participate in the Plan. During the years ended December 31, 2022 and 2021, the Organization contributed \$132,917 and \$133,893 to the plan, respectively.

### **NOTE 8: LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2022, which are available for general expenditures are as follows:

Cash and cash equivalents	\$ 1,722,600
Investments in marketable securities	1,178,368
Accounts receivable	<u>146,577</u>
Total financial assets	3,047,545
Less: donor-restricted net assets	(215,305)
Less: board-designated investments	<u>(24,035)</u>
Amount available for general expenditures within one year	<u><u>\$ 2,808,205</u></u>



# PROJECT ACCESS, INC.

## Notes to Financial Statements (continued) December 31, 2022

### **NOTE 8: LIQUIDITY AND AVAILABILITY (continued)**

Based on the analysis above, the Organization has \$2,808,205 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization also expects to receive approximately \$738,000 per month in program service fees from customers, 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 board-designated investments are excluded from financials assets available within one year; however, the investments may be liquidated upon approval from the Board.

### **NOTE 9: COMMITMENTS AND CONTINGENCIES**

#### **Leased Facilities**

The Organization leases its corporate office in Orange, California. The related lease contract is a five-year non-cancelable operating lease, which was originally set to expire in September 2022, but was extended for an additional 66 months through March 2028. The approximate annual payments are set forth below. The total rent expense for the years ended December 31, 2022 and 2021, totaled \$171,384 and \$145,551, respectively.

The future minimum rental commitments under the non-cancelable operating lease as of December 31, 2022 is as follows:

Year ending December 31:

2023	\$	137,872
2024		189,001
2025		195,047
2026		200,899
2027		206,926
Thereafter		52,887
Total undiscounted lease payments		<u>982,632</u>
Less imputed interest		<u>(36,964)</u>
Total operating lease liabilities	\$	<u>945,668</u>
Operating lease liability (current)	\$	<u>128,838</u>
Operating lease liability (non-current)	\$	<u>816,830</u>

**PROJECT ACCESS, INC.**

**Notes to Financial Statements (continued)  
December 31, 2022**

**NOTE 9: COMMITMENTS AND CONTINGENCIES (continued)**

**COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. While federal, state and local government restrictions have been significantly reduced, Project Access, Inc. continues to follow the Centers for Disease Control and Prevention guidelines, particularly regarding the quarantining of people who may have been exposed to the virus. In response to the pandemic and the various restrictions set forth by business partners, Project Access, Inc. continues to adjust its operations to protect its employees and program participants from the virus. Management continues to evaluate the impact, if any, that COVID-19 will have on future operations.

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2022 and 2021 consist of the following and were restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
After-school tutoring and enrichment programs	\$ 31,151	\$ 20,909
College Readiness	-	1,500
COVID hardship support	-	2,500
Education for Youth	14,206	19,398
Financial Educational Programs	-	132,508
Health and Wellness	40,198	35,000
Juntos Program	77,746	-
Pathways out of Poverty	37,004	-
Technology	15,000	-
	<u>\$ 215,305</u>	<u>\$ 211,815</u>

**PROJECT ACCESS, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS (continued)**

The following table summarizes donor-stipulated purpose restrictions that were satisfied by the Organization during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
After-school tutoring and enrichment programs	\$ 56,758	\$ 37,076
Bridge Cares Contribution	-	1,342,705
Campaigns	-	138,754
Capacity Building	-	5,000
College Readiness	2,500	-
COVID hardship support	-	17,500
Education for Youth	38,044	75,000
Financial Educational Programs	5,000	5,000
Health and Wellness	73,999	47,285
Juntos Program	129,763	73,082
NEF Preservation Fund	-	36,775
Pathways to Prosperity	153,996	84,500
	<u>\$ 460,060</u>	<u>\$ 1,862,677</u>

**NOTE 11: RELATED PARTY TRANSACTIONS**

**In-Kind Contributions**

During the years ended December 31, 2022 and 2021, the property owners of various centers operated by the Organization made in-kind contributions of various operational items with an estimated fair value on the date of contribution of \$2,042,435 and \$1,807,176, respectively. These in-kind contributions from property owners consisted of the following items and amounts:

	<u>2022</u>	<u>2021</u>
Rent	\$ 1,647,905	\$ 1,479,816
Utilities and maintenance	394,530	327,360
	<u>\$ 2,042,435</u>	<u>\$ 1,807,176</u>

## PROJECT ACCESS, INC.

### Notes to Financial Statements (continued) December 31, 2022

#### **NOTE 11: RELATED PARTY TRANSACTIONS (continued)**

During the years ended December 31, 2022 and 2021, the various centers operated by the Organization received various other in-kind contributions with an estimated fair value on the date of contribution of \$1,600,707 and \$2,239,115, respectively. These other in-kind contributions consisted of the following items and amounts:

	<u>2022</u>	<u>2021</u>
Food, drinks and snacks	\$ 1,227,098	\$ 1,836,781
Educational materials and toys	152,637	142,908
Gift certificates and prizes	70,863	58,833
Keys to success	53,035	33,501
Golf tournament	33,398	58,981
Printing	20,872	18,892
Supplies	15,711	7,247
Clothing and shoes	13,434	27,684
Other expenses	8,285	5,489
COVID-19 donations	3,820	44,899
Furniture/technology	1,554	2,250
Educational training	-	1,650
	<u>\$ 1,600,707</u>	<u>\$ 2,239,115</u>

#### **Concentrations**

During the years ended December 31, 2022 and 2021, the Organization has experienced a concentration of revenue amounts received for program service fees from property owner companies that are affiliated with individuals on the Board of Directors in the amount of \$7,281,842 and \$6,435,841, respectively. For the years ended December 31, 2022 and 2021, one affiliate accounted for 42% and 29% of total revenues and support, respectively, and 67% and 61% of total program service fees, respectively.

During the years ended December 31, 2022 and 2021, the Organization received contributions from affiliated non-profit entities and members of the Board of Directors in the amount of \$574,923 and \$1,641,166, respectively.

#### **NOTE 12: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 2, 2023, the date which the financial statements were available to be issued, and no events occurred that required adjustment to, or disclosure in, the accompanying financial statements.