PROJECT 440, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2023

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BRINKER SIMPSON & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

1400 N. Providence Rd., Rosetree Building 2, Suite 2000E, Media, PA 19063
Phone: 610.544.5900 | Fax: 610.544.7455 | www.brinkersimpson.com

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, 2023, 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.

Brinker Simpson + Company, LLC

Brinker Simpson & Company, LLC
Media, Pennsylvania
February 7, 2024

PROJECT 440, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023

ASSETS

Cash	$	196,354
Contributions receivable		11,342
Pledges receivable		6,400
Total Assets	$	214,096

LIABILITIES AND NET ASSETS

Liabilities		
Retirement plan payable	$	528
Total Liabilities		528
Net Assets		
Without donor restrictions		183,042
With donor restrictions		30,526
Total Net Assets		213,568
Total Liabilities and Net Assets	$	214,096

See accompanying notes and independent accountant's review report.

PROJECT 440, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	$ 135,369	$ 61,000	$ 196,369
Program income	10,057	-	10,057
Individual contributions	130,410	-	130,410
Interest income	3,451	-	3,451
Net assets released from restrictions:			
Satisfaction of program restrictions	58,974	(58,974)	-
Total Revenue and Support	338,261	2,026	340,287
Expenses			
Program services	209,219	-	209,219
Management and general	83,433	-	83,433
Fundraising	44,777	-	44,777
Total Expenses	337,429	-	337,429
Change in Net Assets	832	2,026	2,858
Net Assets, Beginning	182,210	28,500	210,710
Net Assets, Ending	$ 183,042	$ 30,526	$ 213,568

See accompanying notes and independent accountant’s review report.

PROJECT 440, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 90,485	$ 31,450	$ 36,250	$ 158,185
Payroll taxes	7,126	2,477	2,854	12,457
Employee benefits	6,737	2,341	2,699	11,777
Business development	121	20,241	-	20,362
College fair expenses	592	-	-	592
Contractors	6,860	-	-	6,860
Food	8,400	-	-	8,400
Insurance	3,887	2,825	354	7,066
Office expense	5,310	5,310	559	11,179
Participation stipend	40,009	-	-	40,009
Postage and copying	2,289	400	1,201	3,890
Professional fees	1,361	15,479	-	16,840
Rent	1,720	1,720	860	4,300
Supplies	287	510	-	797
Teaching artists	33,494	-	-	33,494
Travel	541	680	-	1,221
Total Functional Expenses	$ 209,219	$ 83,433	$ 44,777	$ 337,429

PROJECT 440, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 2,858
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in:	
Contributions receivable	(11,342)
Pledges receivable	11,102
Prepaid expenses	1,263
Retirement plan payable	528
Net Cash Provided by Operating Activities	4,409
Net Change in Cash	4,409
Cash, Beginning of Year	191,945
Cash, End of Year	$ 196,354

See accompanying notes and independent accountant's review report.

NOTE 1: NATURE OF OPERATIONS

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Revenue Recognition

Contributions received from individuals, corporations, foundations and grants 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 received. 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 and Change in Net Assets as net assets released from restrictions.

Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In accordance with FASB ASC 606, *Revenue from Contracts with Customers*, the Organization recognizes revenue upon transfer of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of FASB ASC 606, the Organization performs the following five steps:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue as (or when) the performance obligations are satisfied.

The Organization recognizes revenue at a point in time as the services are provided. Other revenue is recognized at a point in time when the performance obligations are met.

There are no contract assets; however, contract liabilities consist of fees paid in advance for services that have not yet been provided (i.e. the performance obligations have not yet been met).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $6,400 at August 31, 2023.

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.

The expenses that are allocated include the following:

Expense	Allocation
Employee wages	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Business development	Time and effort
Insurance	Time and costs
Office expense	Time and costs
Postage and copying	Time and costs
Professional fees	Full time equivalent
Rent	Square footage
Supplies	Time and costs
Travel	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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023. 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, 2023, the Organization's tax returns remain subject to examination for the last three years.

Recent Accounting Pronouncements

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases.* The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Organization has elected to apply the short-term lease exception on all leases with a term of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for short-term leases on a straight-line basis over the lease term. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Organization’s historical accounting treatment. The adoption of FASB ASC 842 did not have an impact on the Organization’s financial statements.

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at August 31, 2023:

Financial Assets at Year End:	
Cash	$ 196,354
Contributions receivable	11,342
Pledges receivable	6,400
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	(30,526)
Total financial assets available to meet general expenditures over the next twelve months	$ 183,570

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

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 consist of amounts restricted for the following purposes:

General Operating FY24	$	25,000
Doing Good FY24		2,000
Instruments for Success FY24		1,000
College Fair FY24		2,526
Total Net Assets With Donor Restrictions	$	30,526

NOTE 5: 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	$	46,500
Admin Expenses		5,000
PMAY Programming		5,000
College Fair		2,474
Total Net Assets Released from Restrictions	$	58,974

NOTE 6: LEASE COMMITMENTS

The Organization rents its current office space on a month-to-month basis. Rent expense for the year ended August 31, 2023 totaled $4,300.

NOTE 7: 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. Matching contributions by the Organization totaled $6,131 for the year ended August 31, 2023.

NOTE 8: RELATED PARTY TRANSACTIONS

For the year ended August 31, 2023, the Organization received related party contributions and pledges receivable totaling $24,162 from board members.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 7, 2024, the date on which the financial statements were available to be issued.