

PROJECT CITIZENSHIP, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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PROJECT CITIZENSHIP, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)



Mission Statement

Project Citizenship is a nonprofit agency that provides free, high quality services to legal permanent residents to help them become U.S citizens. Project Citizenship offers free workshops, eligibility screening, application assistance, legal referrals and all materials needed to apply for U.S. citizenship. In addition, Project Citizenship works collaboratively with community-based partners in New England to provide a range of support services, civics instruction, application assistance, and ESOL classes.

PROJECT CITIZENSHIP, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for 2018)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Project Citizenship, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Project Citizenship, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' 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 Organization'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 Organization'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 Citizenship, Inc. as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Project Citizenship, Inc.

Report on Summarized Comparative Information

We have previously audited Project Citizenship, Inc.'s 2018 financial statements, and our report dated April 4, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
April 9, 2020

PROJECT CITIZENSHIP, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 637,361	\$ 459,344
Grants and Contributions Receivable	49,517	8,097
Prepaid Expenses	<u>36,754</u>	<u>20,092</u>
Total Current Assets	<u>723,632</u>	<u>487,533</u>
<u>OTHER ASSETS:</u>		
Certificates of Deposit	<u>-</u>	<u>200,706</u>
Total Current Assets	<u>-</u>	<u>200,706</u>
<u>TOTAL ASSETS</u>	<u>\$ 723,632</u>	<u>\$ 688,239</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 24,522	\$ 24,573
Accrued Payroll and Related Expenses	29,866	28,480
Deferred Rent	<u>11,378</u>	<u>11,271</u>
Total Current Liabilities	<u>65,766</u>	<u>64,324</u>
<u>TOTAL LIABILITIES</u>	<u>65,766</u>	<u>64,324</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Net Assets Without Donor Restrictions	528,821	499,931
Board Designated Net Assets	<u>20,000</u>	<u>25,000</u>
Total Net Assets Without Donor Restrictions	<u>548,821</u>	<u>524,931</u>
Net Assets With Donor Restrictions	<u>109,045</u>	<u>98,984</u>
Total Net Assets	<u>657,866</u>	<u>623,915</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 723,632</u>	<u>\$ 688,239</u>

PROJECT CITIZENSHIP, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Totals for 2018)

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2019</u>	<u>2018</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
Gifts, Grants and Contributions	\$ 800,918	\$ 111,000	\$ 911,918	\$ 825,872
Donated Services and Goods	3,502,867	-	3,502,867	3,277,381
Interest and Other Income	<u>5,783</u>	<u>-</u>	<u>5,783</u>	<u>4,459</u>
Total Support and Revenues	4,309,568	111,000	4,420,568	4,107,712
<i>Reclassification of Net Assets:</i>				
Satisfaction of Donor Restrictions	<u>100,939</u>	<u>(100,939)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,410,507</u>	<u>10,061</u>	<u>4,420,568</u>	<u>4,107,712</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	4,149,707	-	4,149,707	3,837,443
Administrative	113,645	-	113,645	75,308
Fundraising	<u>123,265</u>	<u>-</u>	<u>123,265</u>	<u>68,531</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>4,386,617</u>	<u>-</u>	<u>4,386,617</u>	<u>3,981,282</u>
<u>CHANGE IN NET ASSETS</u>	23,890	10,061	33,951	126,430
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>524,931</u>	<u>98,984</u>	<u>623,915</u>	<u>497,485</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 548,821</u>	<u>\$ 109,045</u>	<u>\$ 657,866</u>	<u>\$ 623,915</u>

PROJECT CITIZENSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Totals for 2018)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND-</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2019</u>	<u>2018</u>
Donated Services and Goods	\$ 3,502,867	\$ -	\$ -	\$ 3,502,867	\$ 3,277,381
Salaries and Wages	356,816	11,044	89,871	457,731	325,012
Payroll Taxes and Workers Compensation Insurance	33,693	1,043	8,486	43,222	28,175
Employee Benefits	18,650	629	1,996	21,275	10,600
AmeriCorps Service Members	26,541	-	-	26,541	28,688
Professional Fees and Consultants	68	82,393	50	82,511	53,692
Grants to Community Partners	-	-	-	-	5,100
Rent and Utilities	120,202	2,298	2,411	124,911	140,847
Supplies	26,214	833	8,132	35,179	35,161
Information Technology	13,479	8,174	1,273	22,926	29,780
Dues, Fees and Licenses	700	1,758	1,254	3,712	4,029
Advertising and Promotion	16,129	-	1,235	17,364	14,272
Insurance	2,299	1,061	40	3,400	3,261
Staff Recruitment and Development	2,744	4,000	-	6,744	6,266
Conferences and Meetings	12,225	412	247	12,884	9,140
Travel	7,996	-	358	8,354	4,788
Event and Workshop Expenses	9,028	-	7,912	16,940	4,767
Miscellaneous	56	-	-	56	323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 4,149,707</u>	<u>\$ 113,645</u>	<u>\$ 123,265</u>	<u>\$ 4,386,617</u>	<u>\$ 3,981,282</u>

PROJECT CITIZENSHIP, INC.
STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 33,951	\$ 126,430
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Interest Income	-	(4,459)
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(41,420)	(8,097)
Prepaid Expenses	(16,662)	(6,833)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(51)	21,806
Accrued Payroll and Related Expenses	1,386	18,774
Deferred Rent	<u>107</u>	<u>11,271</u>
Net Adjustment	<u>(56,640)</u>	<u>32,462</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(22,689)</u>	<u>158,892</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Maturities of Certificates of Deposit	302,516	104,459
Purchases of Certificates of Deposit	<u>(101,810)</u>	<u>(300,706)</u>
Net Cash Flows from Investing Activities	<u>200,706</u>	<u>(196,247)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>178,017</u>	<u>(37,355)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>459,344</u>	<u>496,699</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 637,361</u>	<u>\$ 459,344</u>

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

NOTE 1 ORGANIZATION

Project Citizenship, Inc. (“Project Citizenship” or the “Organization”) was incorporated in 2014 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

Project Citizenship helps legal permanent residents apply for citizenship by reducing the barriers and obstacles. Project Citizenship provides free services through the *pro bono* support of over 1,000 volunteers from area law schools and law firms in Boston. Project Citizenship offers services in three venues: in its Boston Citizenship Center, at area law firms, and in community venues throughout Massachusetts.

Located in the Project Citizenship office, the Citizenship Center accommodates clients who have work or child care schedules that conflict with workshop appointments, as well as for those who have more complex cases.

10% of Project Citizenship’s clients are unable to speak English and exempt from the English requirement due to age. Another 13% of Project Citizenship’s clients are unable to speak English due to a physical or cognitive impairment. For the 70% of clients unable to pay the \$725 filing fee, Project Citizenship prepares and advocates for a fee waiver.

Since 2014, Project Citizenship has submitted over 7,000 citizenship applications for children and adults, for immigrants from countries all over the world. With a 94.5% success rate, Project Citizenship is ensuring access to citizenship for those who might otherwise be priced out. Project Citizenship is delivering the promise of America.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 3 (Continued)

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represent the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes. For the years ended December 31, 2019 and 2018, there were \$20,000 and \$25,000, respectively held in the board designated reserve.

Net Assets With Donor Restriction - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, or bequests and may include investment income earned on restricted funds. These may also include resources which have a donor-imposed restriction which stipulates that the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, the Organization did not have any assets with the stipulation that a portion of the assets are to be maintained in perpetuity.

The accompanying financial statements include certain prior year summarized comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, 2018 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents:

All cash, money markets accounts and short-term investments with original maturities of three months or less are considered *Cash and Cash Equivalents*.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 3 (Continued)

Grants and Contributions Receivable:

Grants and Contributions Receivable primarily represent unconditional promises to give that are recognized at net realizable value when the promise is received. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants, contributions and pledges. If amounts owed become uncollectible, an allowance for uncollectible grants, contributions and pledges will be established when that determination is made.

Certificates of Deposit:

During the years presented, the Organization invested in certificates of deposit with maturities ranging from 3 to 12 months and interest rates ranging from 1.0% to 2.3%. *Certificates of Deposit* are reported at cost plus accrued interest which approximates fair value. Based on the intention of management to reinvest these funds, *Certificates of Deposit* are reported as *Other Assets* in the accompanying Statements of Financial Position regardless of the maturity date. As of December 31, 2019, there were no funds held as Certificates of Deposits.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$2,500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets, as expressed in terms of years. The Organization had no property and equipment as of December 31, 2019 and 2018 which met the capitalization threshold.

Deferred Rent:

Rent expense is recorded on a straight-line basis for the Organization's operating lease (See Note 6). As a result of certain escalation clauses in the lease arrangement, a deferred rent liability is reported in the accompanying Statement of Financial Position.

Gifts, Grants and Contributions:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give-that is, those with a measurable performance or other barrier and right of return-are not recognized until the conditions on which they depend have been met.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 3 (Continued)

During 2019, the Organization received a grant of \$56,250 from the Commonwealth of Massachusetts representing conditional funds and receivable on satisfactory progress on the project. \$8,750 has been recorded in 2019 income and the remaining \$47,500 will be recorded when the conditions have been met. As of December 31, 2018, the Organization received \$30,000 in conditional funding representing the first half of a two-year \$60,000 gift. The second year payment was received in 2019 on satisfactory progress on the project. Contributions of assets other than cash are reported at their estimated fair value. Multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction expires, at which time the assets are reclassified to net assets without donor restrictions. As permitted by generally accepted accounting principles, the Organization has elected to report contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and which would have otherwise been purchased by the Organization if not provided by donation are recorded at their fair value in the period received. These donations are recognized as revenue on the Statement of Activities and listed as expenses on the Statement of Functional Expenses. While material in amount, these donations do not have an impact on the change in net assets for the years presented.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon space and time usage. Payroll and related expenses are based upon time usage, whereas rent, utilities, and similar expenses are based on an occupancy allocation. Supporting services are those related to operating and managing Project Citizenship, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Project Citizenship, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, corporate membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 3 *(Continued)*

Grants to Community Partners:

Project Citizenship partners with a number of community-based organizations in the delivery of their citizenship programs. Project Citizenship provides technical assistance and oversees grant compliance with the funding foundations' requirements. Grants are made directly by the supporting foundations to the community partners. Additionally, Project Citizenship administered grants to two community-based organizations with funds from the Parker and Davis Foundations in 2018.

Recent Accounting Guidance:

Recently Implemented Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard was adopted by the Organization effective January 1, 2019. The adoption of this ASU did not have a material effect on the Organization's financial position or change in net assets.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective January 1, 2019. The adoption of this ASU did not have a material effect on the Organization's financial position or change in net assets.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

For the years presented, unexpended donor designated grants and contributions consisted of the following:

<u>Nature of Restriction</u>	<u>2019</u>	<u>2018</u>
“Thriving Not Surviving” Project	\$ 27,192	\$ -
Census	9,167	-
Time Restricted	30,000	30,000
Outreach Campaigns	-	10,000
Citizenship Services for Seniors and Disabled	10,000	-
Citizenship Services in Cambridge	4,186	-
Citizenship Services in Lawrence and Lowell	12,000	35,000
Citizenship Services in Metrowest	10,000	10,000
Citizenship Services in Allston-Brighton	<u>6,500</u>	<u>13,984</u>
Total	<u>\$109,045</u>	<u>\$98,984</u>

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 4 *(Continued)*

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Type of Restriction</u>	<u>2019</u>	<u>2018</u>
Citizenship Services in Lowell	\$ 35,000	\$ -
Citizenship Services in Metrowest	10,000	-
Citizenship Services in Cambridge	814	-
Outreach Campaigns	10,000	-
Census	833	-
“Thiving Not Surviving” Project	308	-
Citizenship Services in Allston-Brighton	13,984	1,016
Time Restricted	30,000	-
Restricted for Community Partner	-	<u>5,100</u>
Total	<u>\$100,939</u>	<u>\$6,116</u>

NOTE 5 DONATED GOODS AND SERVICES

Volunteers are an integral component of the Organization’s operations. During 2019, the Organization received approximately 4,700 legal and consulting hours from various law firms which was valued at rates ranging from \$250 - \$778 an hour. During 2018, the Organization received approximately 5,000 of legal and consulting hours from various law firms which was valued at rates ranging from \$100 - \$803 per hour. The following donated services, goods and facilities have been recognized as revenues with offsetting expenses in the accompanying financial statements:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Donated Legal and Consulting Services	\$3,452,978	\$3,229,615
Donated Space and Workshop Expenses	<u>49,889</u>	<u>47,766</u>
Total	<u>\$3,502,867</u>	<u>\$3,277,381</u>

In addition, volunteer law students have provided services for many cases; however, although valuable to the Organization, these donated services do not meet the recognition criteria.

NOTE 6 LEASE COMMITMENTS

Facilities:

During each of the years presented, Project Citizenship occupied office space in Boston, Massachusetts. The Organization leases 3,828 square feet of space at an annual base rent of \$118,668, payable in equal monthly installments of \$9,889. The current lease term is for five years through March 2022. The lease also includes an escalation clause whereby the annual base rent increases by \$3,828 per annum.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 6 *(Continued)*

Copier Lease:

In October 2019, the Organization entered into a lease agreement for copier equipment under a 36-month, non-cancelable agreement with a monthly fee of \$299, through September 2022. The agreement has been properly classified as an operating lease; accordingly these monthly payments are recorded as expenses, as the payments become due.

The future minimum lease obligation under these agreements is as follows:

<u>Year Ending</u>	<u>Facilities</u>	<u>Copier</u>	<u>Total</u>
December 31, 2020	\$130,790	\$3,588	\$134,378
December 31, 2021	134,618	3,588	138,206
December 31, 2022	<u>22,968</u>	<u>2,691</u>	<u>25,659</u>
Total	<u>\$288,376</u>	<u>\$9,867</u>	<u>\$298,243</u>

NOTE 7 CONCENTRATIONS

Cash:

The Organization is subject to concentrations in credit risk relating to cash balances. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization occasionally has funds in excess of FDIC limits; however, the Organization has not experienced any losses on uninsured cash balances and Management considers credit risk on cash to be low.

Gifts, Grants and Contributions:

For the years ended December 31, 2019 and 2018, 36% and 43%, respectively, of *Gifts, Grants and Contributions* were attributable to one family foundation.

NOTE 8 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Operating Liquidity:

The following table reflects the Organization's financial assets at each respective year end which are available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, perpetual endowments and accumulated earning net of appropriations, or because the governing board has set aside the funds for a specific reserve.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Summarized Comparative Information for 2018)

(Continued)

NOTE 8 *(Continued)*

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating its program, as described in note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial Assets as of December 31, 2019 and 2018:	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$617,361	\$434,344
Board Reserves	20,000	25,000
Cash, Invested in CDs (terms less than 1 year)	-	200,706
Grants and Contributions Receivable	<u>49,517</u>	<u>8,097</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$686,878</u>	<u>\$668,147</u>

Project Citizenship reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. As of December 31, 2019 and 2018, the Organization has available in checking and savings accounts, financial assets equal to approximately 6 months of operating expenses. The Board Reserve funds are funds available for the purpose of an executive search with board approval.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through April 9, 2020, the date which the financial statements were available for issue, and noted the following event which met the disclosure criteria:

COVID-19:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact and duration cannot be reasonably estimated at this time.