

**PROJECT CITIZENSHIP, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2018**

*(With Summarized Comparative Information for 2017)*

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 [www.ssbcpa.com](http://www.ssbcpa.com)

**PROJECT CITIZENSHIP, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

*(With Summarized Comparative Information for 2017)*



**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, 2018  
*(With Summarized Comparative Information for 2017)*

**C O N T E N T S**

	<i>Pages</i>
Independent Auditors' Report.....	1 - 2
Statements of Financial Position as of December 31, 2018 and 2017.....	3
Statement of Activities for the Year Ended December 31, 2018..... <i>(With Summarized Comparative Totals for 2017)</i>	4
Statement of Functional Expenses for the Year Ended December 31, 2018..... <i>(With Summarized Comparative Totals for 2017)</i>	5
Statements of Cash Flows for the Years Ended December 31, 2018 and 2017.....	6
Notes to Financial Statements.....	7 - 15

**Smith  Sullivan  
& Brown PC**  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

**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, 2018, 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, 2018 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 2017 financial statements, and our report dated April 27, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts

April 4, 2019

PROJECT CITIZENSHIP, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS:</u></b>		
Cash and Cash Equivalents	\$ 459,344	\$ 496,699
Grants and Contributions Receivable	8,097	-
Prepaid Expenses	<u>20,092</u>	<u>13,259</u>
Total Current Assets	<u>487,533</u>	<u>509,958</u>
<b><u>OTHER ASSETS:</u></b>		
Certificates of Deposit	<u>200,706</u>	<u>-</u>
Total Current Assets	<u>200,706</u>	<u>-</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 688,239</u></b>	<b><u>\$ 509,958</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 24,573	\$ 2,767
Accrued Payroll and Related Expenses	28,480	9,706
Deferred Rent	<u>11,271</u>	<u>-</u>
Total Current Liabilities	<u>64,324</u>	<u>12,473</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>64,324</u></b>	<b><u>12,473</u></b>
<b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions:		
Net Assets Without Donor Restrictions	499,931	492,385
Board Designated Net Assets	<u>25,000</u>	<u>-</u>
Total Net Assets Without Donor Restrictions	524,931	492,385
Net Assets With Donor Restrictions	<u>98,984</u>	<u>5,100</u>
Total Net Assets	<u>623,915</u>	<u>497,485</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 688,239</u></b>	<b><u>\$ 509,958</u></b>

PROJECT CITIZENSHIP, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
*(With Summarized Comparative Totals for 2017)*

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u> <u>2018</u>	<u>2017</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>				
Gifts, Grants and Contributions	\$ 725,872	\$ 100,000	\$ 825,872	\$ 746,291
Donated Services and Goods	3,277,381	-	3,277,381	2,723,499
Interest and Other Income	4,459	-	4,459	920
Total Support and Revenues	4,007,712	100,000	4,107,712	3,470,710
<i>Reclassification of Net Assets:</i>				
Satisfaction of Donor Restrictions	6,116	(6,116)	-	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>4,013,828</u></b>	<b><u>93,884</u></b>	<b><u>4,107,712</u></b>	<b><u>3,470,710</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>				
Program Services	3,837,443	-	3,837,443	3,159,095
Administrative	75,308	-	75,308	73,596
Fundraising	68,531	-	68,531	33,085
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,981,282</u></b>	<b><u>-</u></b>	<b><u>3,981,282</u></b>	<b><u>3,265,776</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>32,546</u></b>	<b><u>93,884</u></b>	<b><u>126,430</u></b>	<b><u>204,934</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>492,385</u></b>	<b><u>5,100</u></b>	<b><u>497,485</u></b>	<b><u>292,551</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 524,931</u></b>	<b><u>\$ 98,984</u></b>	<b><u>\$ 623,915</u></b>	<b><u>\$ 497,485</u></b>

PROJECT CITIZENSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
*(With Summarized Comparative Totals for 2017)*

	<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>2018</u>	<u>2017</u>
Donated Services and Goods	\$ 3,277,381	\$ -	\$ -	\$ 3,277,381	\$ 2,723,499
Salaries and Wages	267,897	13,713	43,402	325,012	238,836
Payroll Taxes and Workers Compensation Insurance	23,147	1,184	3,844	28,175	20,012
Employee Benefits	9,048	623	929	10,600	3,359
AmeriCorps Service Members	28,688	-	-	28,688	60,752
Professional Fees and Consultants	-	50,215	3,477	53,692	27,457
Grants to Community Partners	5,100	-	-	5,100	28,400
Rent and Utilities	135,537	2,592	2,718	140,847	101,833
Supplies	29,161	631	5,369	35,161	21,191
Information Technology	23,838	1,550	4,392	29,780	2,636
Dues, Fees and Licenses	885	1,510	1,634	4,029	8,630
Advertising and Promotion	13,508	-	764	14,272	5,475
Insurance	1,555	1,675	31	3,261	1,752
Staff Recruitment and Development	4,599	71	1,596	6,266	1,724
Conferences and Meetings	7,814	1,191	135	9,140	5,827
Travel	4,518	30	240	4,788	5,123
Event and Workshop Expenses	4,767	-	-	4,767	4,437
Miscellaneous	-	323	-	323	4,833
	<u>-</u>	<u>323</u>	<u>-</u>	<u>323</u>	<u>4,833</u>
<b>Total Functional Expenses</b>	<b><u>\$ 3,837,443</u></b>	<b><u>\$ 75,308</u></b>	<b><u>\$ 68,531</u></b>	<b><u>\$ 3,981,282</u></b>	<b><u>\$ 3,265,776</u></b>

PROJECT CITIZENSHIP, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ <u>126,430</u>	\$ <u>204,934</u>
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Interest Income	(4,459)	-
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(8,097)	-
Prepaid Expenses	(6,833)	(10,975)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	21,806	(1,404)
Accrued Payroll and Related Expenses	18,774	9,706
Deferred Rent	<u>11,271</u>	<u>-</u>
Net Adjustment	<u>32,462</u>	<u>(2,673)</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>158,892</u></b>	<b><u>202,261</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Maturities of Certificates of Deposit	104,459	-
Purchases of Certificates of Deposit	<u>(300,706)</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>(196,247)</u>	<u>-</u>
<b><u>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>(37,355)</u></b>	<b><u>202,261</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>496,699</u></b>	<b><u>294,438</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 459,344</u></b>	<b><u>\$ 496,699</u></b>

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

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 73% 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 5,500 citizenship applications for children and adults, for immigrants from countries all over the world. With a 95% 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, 2018

*(With Summarized Comparative Information for 2017)*

*(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*<sup>TM</sup>, 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 without donor restriction include funds which represent resources designated by the Board of Directors for specific purposes. During 2018, the Organization designated \$25,000 as a 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 had no resources with permanent donor-imposed restrictions.

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, 2017 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, 2017, from which the summarized information was derived.

**Cash and Cash Equivalents:**

All cash 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, 2018

(With Summarized Comparative Information for 2017)

(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. There were no grants, contributions, or pledges deemed uncollectible for the years presented.

**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 Statement of Financial Position if they have an original maturity date greater than 3 months.

**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, 2018 and 2017 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*<sup>TM</sup>, 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. Contributions may include gifts of cash, real property, or promises to give. Occasionally, the Organization receives donations of stocks which are recorded as contribution revenue at the fair value of the stock when received.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

*(Continued)*

NOTE 3 *(Continued)*

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially 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 is due in December 2019 and is conditional on satisfactory progress on the project; therefore this amount is not recognized in the accompanying financial statements. 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 unrestricted support.

**Donated Goods and Services:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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*<sup>TM</sup>, 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.

*Fundraising* - 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, 2018

*(With Summarized Comparative Information for 2017)*

*(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 2017. Remaining funds from the Davis Foundation were distributed to a single community partner in 2018.

**Reclassifications:**

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the 2018 presentation in relation to the adoption of ASU 2016-14. Reclassifications made to the prior year summarized information have no impact on total net assets or changes in net assets.

**Recent Accounting Guidance:**

*Recently Implemented Standards*

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. This ASU modified the current guidance over several criteria, of which the following affected the Organization's financial statements:

- The Organization's net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions" as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date.
- The Organization provided a more in depth explanation of the methods used to allocate costs among program and supporting functions.

In accordance with this ASU, the Organization has applied a modified retrospective application of the above standard, and as a result, is not presenting a liquidity and availability disclosure for the year ended December 31, 2017. The adoption of this ASU did not have a material effect on the Organization's financial position or change in net assets.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

*(Continued)*

NOTE 3      *(Continued)*

*Recently Issued 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 is effective for this Organization in financial statements issued for fiscal years beginning January 1, 2019. The adoption of this ASU is not expected to 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 is effective for this Organization in financial statements issued for fiscal years beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization's financial position or change in net assets.

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which 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. This standard is effective for this Organization in financial statements issued for fiscal years beginning January 1, 2020. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The adoption of this ASU is not expected to 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>2018</u>	<u>2017</u>
Community Partner	\$ -	\$5,100
Time Restricted	30,000	-
Outreach Campaigns	10,000	-
Citizenship Services in Lowell	35,000	-
Citizenship Services in Metrowest	10,000	-
Citizenship Services in Allston-Brighton	<u>13,984</u>	<u>-</u>
Total	<u>\$98,984</u>	<u>\$5,100</u>

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

*(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>2018</u>	<u>2017</u>
Citizenship Services in Allston-Brighton	\$1,016	\$ -
Time Restricted	-	96,938
Restricted for Community Partner	<u>5,100</u>	<u>29,900</u>
Total	<u>\$6,116</u>	<u>\$126,838</u>

NOTE 5      DONATED GOODS AND SERVICES

Volunteers are an integral component of the Organization's operations. During 2018, the Organization received approximately 5,000 legal and consulting hours from various law firms which was valued at rates ranging from \$100 - \$803 an hour. During 2017, the Organization received approximately 4,000 of legal and consulting hours from various law firms which was valued at rates ranging from \$100 - \$725 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>2018</u>	<u>2017</u>
Donated Legal and Consulting Services	\$3,229,615	\$2,693,706
Donated Space and Workshop Expenses	<u>47,766</u>	<u>29,793</u>
Total	<u>\$3,277,381</u>	<u>\$2,723,499</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. Through March 9, 2017, the Organization leased 1,499 square feet of office space at an annual base rent of \$44,970, payable in equal monthly installments of \$3,747. At that time, an amendment to the lease was signed which allowed movement to a larger unit within the same premises for a total of 3,828 square feet. This amendment extended the lease term for an additional five years through March 2022, with annual rent of \$118,668 payable in equal monthly installments of \$9,889. The lease amendment also included an escalation clause whereby the annual base rent increases by \$3,828 per annum effective November 1, 2017.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

*(Continued)*

NOTE 6      *(Continued)*

The future minimum lease obligation under this agreement is as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2019	\$126,962
December 31, 2020	130,790
December 31, 2021	134,618
December 31, 2022	<u>22,968</u>
Total	<u>\$415,338</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. As of December 31, 2018, the Organization did not have cash balances in any one institution in excess of the FDIC limit. As of December 31, 2017, the cash balances in excess of the FDIC limit was \$129,775; 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, 2018 and 2017, 43% and 49%, respectively, of *Gifts, Grants and Contributions* were attributable to one family foundation.

NOTE 8      LIQUIDITY AND AVAILABILITY:

**Operating Liquidity:**

Financial assets available for use by the Organization within one year from the statement of financial position date (December 31, 2018) are as follows:

Liquid Capital as of December 31, 2018:	
Cash in Savings/Checking Accounts	\$394,343
Board Reserves	25,000
Cash, Invested in CDs (terms less than 1 year)	<u>200,706</u>
Total Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$620,049</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, 2018, the Organization has available in checking and savings accounts financial assets equal to approximately 6 months of operating expenses. In addition, the investment portfolio is comprised of certificates of deposits with maturities of less than 1 year that have various maturity dates. This resource provides an additional three months operating expense if needed. The Board Reserve funds are funds available for the purpose of an executive search with board approval.

PROJECT CITIZENSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

*(With Summarized Comparative Information for 2017)*

*(Continued)*

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 4, 2019, the date which the financial statements were available for issue and noted no events which met the disclosure criteria.